G. R. S. IX-5]

Previous references.

1929

(10)

File No. 53-C9

Serial Nos. 31, 34, 36

Later references.

GENERAL AND REVENUE SECRETARIAT

Serial Nos. Three

Part B for August 1926

SUBJECT.

Enemy property in the States

From the Resident N/O. RDi.48, D 30/7/26

136 Reports the action taken by him on the G
of India Letter No 2476 d 26.5.26 copied in
Dept'l Ltr. 3rd Coll.

GENERAL AND REVENUE SECRETARIAT.

(P.P.)

NOTES.

File No. 5379

FILE HEADING.

Enemy Property in the State

From The First Assistant Resident

No. 5743 Dated 17-6-20 Received 18-6-20

Diary No. 20922 Enclos. 3 Spare Copies. Serial No. 31

BRIEF ABSTRACT OF LETTER.

Forwards Letter No. 2476 dated 26-5-20 from the Government of India Department of Commerce.

NOTES AND ORDERS.

Submitted with a draft

29-6-20.

Imc

General and Revenue Secretariat.

NO File No. 53 of 1919.

Serial No.	
34	To The Rev Comr and Custodian of Enemy Property. No G 28567 dy 30.6.1920. Fdd ~~Copy~~ the letter reptg to enl & for necessary action and requests him to return the letter as only one Copy has been received, when done with.
	From The Custodian of Enemy Property, No R Dis. 487 G/20-21 dy 20/7 Returning the enclosure ltr & Sl & and reporting the action taken by him in the matter.
	Sub?
	Necessary will be recorded.
	24/7/20 (Chipseer)
	For perusal. 24/7/20

CHIEF SECRETARIAT. II POLITICAL BRANCH. 3-JUL.1920.

CHIEF SECRETARIAT. II POLITICAL BRANCH. 10 AUG. 1920.

NOTE—Contn. sheet.

Encl:- 3. L&I 1689

MYSORE RESIDENT'S OFFICE,

Bangalore, 17th June 1920.

No. 5743

20922

M53-19-31

A copy of the marginally* noted letter, with enclosures, is forwarded, with compliments, to the Chief Secretary to the Government of H. H. the Maharaja of Mysore, for favour of such action as may be considered necessary.

* No. 2476 dated 26-5-20 from the Government of India, Department of Commerce.

First Assistant Resident.

CVV.

R. O. 178.—R. P. B.—1-1920.—1,000.

INDIA OFFICE, LONDON,

1st April 1920.

FINANCIAL.

No. 25

TO HIS EXCELLENCY THE RIGHT HONOURABLE THE GOVERNOR-GENERAL OF INDIA IN COUNCIL.

MY LORD,

In continuation of my Financial Despatch No. 9 of the 5th February 1920, regarding the claims against Germany to be presented to the Reparation Commission,

Reparation Commission.

I forward, for your consideration, copies of the agenda and minutes of the London Reparation Committee at their meetings of 6th February, 10th February and 12th February. This is the present designation of the Committee referred to in paragraph 2 of my Financial despatch No. 67, dated 27th September 1919. It is presided over by the Right Honourable Lord Sumner, P.C.

2. Of the agenda papers, those marked L.R.C. 5, 6 and 7 are those of which I sent you a summary in my Despatch of 5th February. The original papers are now available and are therefore sent. The meetings now reported deal with papers L.R.C. 8 to 17, and the following are the points to which it seems desirable expressly to invite your attention.

At the first meeting, 6th February, under Item No. (1) a point of some importance is that "the sums claimed must be such as a jury would consider reasonable in all the circumstances". This will appear again later.

(2) The question of advertisement will appear again. Otherwise India is not interested. There are probably no Indian-owned businesses in the invaded areas.

(3) The Chairman ruled that we could not claim for the Sultan of Lahej. This is being dealt with elsewhere.

(4) The position taken up by the High Commissioner of Canada originally was that even the examination of Canada's claim by British Departments could not be allowed, she being in all respects entirely independent; he partly modified this attitude later. I do not associate myself with this position; India will of course make up her account as a whole, but I have already agreed that the classified claims should be presented through the British Departments concerned, War Office, Admiralty, or Ministry of Shipping, etc. The report here is perhaps not very clear.

The Chairman's ruling that "the claim of a person domiciled in a Dominion should be handed over to the Dominion" may be noted.

So also may his remark about the necessity for expedition. The Allies are bound (Article 233 of the Treaty) to present their claim on or before 21st May 1921. This means that the claim of His Majesty the King-Emperor as a whole should be in shape by the beginning of next year. I trust you will be able to let me have your statement of India's claims as prepared in India, with the necessary corroborative material, by the 1st October 1920. It will probably be desirable that these documents should be brought to England by a representative who will be able to assist this Office in the preparation and completion of India's case.

There follows a very important set of pronouncements by Lord Sumner as to what is covered by "damage", which I specially commend to your notice. The suggestion that all lives should be treated as of

equal value was negatived. The record is not very clear here ; the rule adopted was that already given—whatever a jury would be likely to award in a civil action.

The ruling about insurance is also important. A claim on Germany is not negatived because the damage done has been covered by insurance.

Then came a discussion about advertisement, as to which I am not satisfied with the decision mentioned in clause 9 of Enclosure 2 of the Despatch of 5th February. The Treasury opposed advertisement on the grounds that (1) it would give rise to bogus claims ; (2) sufficient publicity is already given by newspaper notice and questions in Parliament. Whatever force there may be in the first argument, the second has no weight as regards India. The Indian Government has always had recognised methods, not necessarily or ordinarily newspaper advertisement, of collecting claims. Refusal of public intimation on the matter would be unfair to the poorer and less assertive sections of the community. The matter now stands adjourned pending Parliamentary discussion. I understand, however, that you are likely to be allowed a free hand in the matter, and I therefore counsel your taking such steps in the matter as may seem desirable.

The next item on the agenda should also be noticed :—" Only claims endorsed by Government should be put forward". This is more fully dealt with later.

(5) The Chairman's remarks on the definition of " property " are important.

(6) Foreigners on British ships and British subjects on foreign ships (sunk or injured by the enemy) may both claim through our Government.

3. The second day's meeting and part of the third were taken up with discussion of various points advanced by the Ministry of Shipping. These are largely technicalities of shipping law, customs and practice, and need not, I think, be examined in detail. But the first item is very important. The point has been briefly alluded to already. How far is any given Government a judge and how far an advocate in respect of the claims of its own nationals ? The classification here decided on is one to which your attention is specially directed.

Another matter of general importance is that shown under " paragraph 21," *viz.*, alteration in amount of claims to allow for variations in currency values. The original proposal of the Ministry of Shipping was to adjust all claims to the currency standards of 1914. This would be to your disadvantage. The final conclusion " that the claim should be presented so as to show the loss incurred, say, in each month" should be read as applying to such concrete cases as this Ministry deals with, of sunk ships and the like. It will not apply to recurring claims such as pensions.

The next point may also be noted. Subject to the final decision of the Commission itself, interest is not claimable.

4. At the third meeting, the Ministry of Shipping's case was finally disposed of, and there followed a discussion of importance on the question of the military or civil status of various classes of persons engaged more or less indirectly in the armies or navies of the belligerents. It will be seen that men working on ships engaged in naval operations of war are not regarded as civilians.

Two rulings that may be noticed are : (1) claims should be assessed at such a sum as might be awarded by a jury in an action for tort ; (2) a claim can only be made in respect of illness if directly due to operations of war.

Attention may next be drawn to Lord Sumner's remarks as to the rights of Governments and private persons *inter se* to share in the proceeds of any awards that may be realised. It will also be seen that private persons cannot claim refund of the cost of gifts or other assistance sent to prisoners of war or internees.

The question of adjustment of British payments to the French scales has to be further dealt with.

5. So much for the proceedings of the Reparation Committee. In connection with the point last noticed and also of actuarial calculation of the capitalised

values of pension payments, there has been discussion by my advisers with the Government Actuary's Department. It is possible that the adoption of the French scales may not be obligatory in the case of India. The application of this rule bristles with difficulties; it is not merely the frequent absence of correspondence between English and French ranks, but such difference as the French cognizance of a soldier's private means, and the like. But for some at least of the French coloured troops the European army scale does not apply; the rates of pensions, separation allowances, etc., are settled from time to time by the Colonial Administrations concerned. If the same rule is applied to India, it means that we shall only have to calculate actual (capitalised) Indian payments, not the hypothetical payments that would be made were India subject to French regulations. I shall address you further about this when sending you the draft schedules the Government Actuary is preparing for distribution to Colonial Administrations.

6. I understand from the Reparation Committee that there has been consideration, not mentioned in the above papers, of the question of exchange as affecting the payments to be made by Germany. The United States of America being the most important country whose currency is at par with gold, the value of the German paper mark relatively to the gold mark will be calculated with reference to the dollar, and other conversions will be similarly affected. The question of the adjustment of the exchange of payments due from Germany as determined by the Reparation Commission, is left for decision by the Commission itself.

7. The last matter of which I have to inform you, relates to the Aga Khan's claim for losses sustained by him in German East Africa, partly by enemy seizure of his moneys and partly on account of German notes held by him. This claim has been the subject of correspondence direct with His Highness. It was referred to the Colonial Office and remitted by them to the Foreign Claims Department of the Foreign Office. This work (Foreign Claims) has now been taken over by the Board of Trade (Reparation Claims Department), with which I am in correspondence. It is evident you are not in a position to verify claims arising in East Africa, but it is desirable that you should be informed. I fear it is out of the question to give the Aga Khan any priority in this matter (which could only be done at the expense of other claimants). I am informing the Reparation Commission of the fact of one payment having already been made to His Highness out of the property of two enemy firms. Even if this be regarded as restitution and not reparation, it is under the jurisdiction of the Commission by Article 238 of the Treaty.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble Servant,

(Sd.) EDWIN S. MONTAGU.

Enclosure No. 1.

London Reparation Committee, 30th January 1920. Summary of Points for Decision.

I.—War Office and Admiralty points (Papers L. R. C. 6 and L. R. C. 17).

1. (L. R. C. 8). Clauses 1 and 5. Proposal that the criterion between "civilians" and "Naval and Military" should be that of general status, and enquiry as to asking for and dealing with supplementary claims.

2. Clause 6. Can claims from private individuals and voluntary organisations be included?

3. Clause 7. Proposal to calculate separation allowances on the French scale on an arbitrary basis.

4. Clause 9. How are supplementary claims to be ascertained and verified? Certain doubtful classes of claim.

I.—Board of Trade Claims.

(*i*) *Loss of Life and Personal Injury at Sea.*—(*a*) Proposal to adopt basis of War Risks Compensation Scheme; (*b*) information available and proposals as to estimates in certain cases; (*c*) proposal that basis of claim should be nationality of ship and not of person killed or injured (*see also* Paper L. R. C. 14); (*d*) proposal to take arbitrary sum as value of lives lost and in case of injury.

(*ii*) *Reconstruction material* obtained under annex 4, paragraph 2 (Paper L. R. C. 9). Should material go to individual establishments or British Government?

(*iii*) *Individual Claims for Loss and Damage.*—(Papers L. R. C. 11 and 13).

(*a*) (Paper L. R. C. 13). Is "property" confined to physical property?

(*b*) Is damage other than property excluded?

(*c*) Does the word "directly" exclude absence of visitors from East Coast towns, etc.? (Paper L. R. C. 11).

(*d*) (Paper L. R. C. 11).

(1) Procedure in the case of claims from Dominions, India, and Colonies.

(2) Foreign Claims Office Branch in Brussels. Should it be taken over by Board of Trade?

(3) Definition of damage. This is dealt with above.

(4) Should cases of restitution be dealt with under Article 238?

(5) Should a statutory declaration be required?

(6) How to assess losses of life or personal injury?

(7) Should doctor's certificate be required in respect of injury to health?

(8) Are claims to be met in respect of insured property

(9) Is it desirable to advertise the claims?

(10) Any appeal?

(11) An Order in Council?

(12) In what form should the claims be presented to the Reparation Commission?

Note.—It is proposed to hold over for a future meeting the Ministry of Shipping questions (Papers 12 and 16), and the claim of the Sultan of Lab (Paper 10).

Enclosure No. 2.

Minutes of First Meeting of London Reparation Committee, held at the Treasury on 6th February 1920.

PRESENT:

The Right Hon'ble Lord SUMNER, P.C. (*Chairman*).

B. P. BLACKETT, Esq., C.B., Treasury.

The Hon'ble Sir GEORGE H. PERLEY, K.C.M.G., Canada.

G. H. MITCHELL, Esq., Canada.

R. A. BLANKENBERG, Esq., O.B.E., South Africa.

W. H. COOK, Esq., Australia.

H. E. FASS, Esq., Treasury.

H. A. PAYNE, Esq., C.B., Board of Trade.

W. NEILL, Esq., Board of Trade.

H. LEAKE, Esq., Board of Trade.

H. J. HUTCHINSON, Esq., Board of Trade.

A. L. SAUNDERS, Esq., India Office.

S. W. LAMBERT, Esq., War Office.

W. G. SEAR, Esq., Admiralty.

C. W. DIXON, Esq., Colonial Office.

H. B. JENKINS, Esq., Ministry of Shipping.

L. A. BULLWINKLE, Esq., Ministry of Shipping.

S. D. WALLEY, Esq., M.C. (*Secretary*).

Mr. Blackett explained that Sir Warren Fisher was prevented from being present through illness.

1. *Paper L. R. C. 8.—Board of Trade Memorandum on Claims for Loss of Life and Personal Injury at Sea.*—The Chairman said that the war risks compensation scheme should not be taken as the standard of the claim, though it might in certain cases serve as a useful guide. The sums claimed must be such as a jury would consider reasonable in all the circumstances. As regards the explosion at Halifax, he did not consider a claim could be put in unless some evidence could be obtained of enemy action, but he suggested that it might be possible to obtain some such evidence. At the request of Mr. Jenkins, further discussion of the memorandum was postponed in view of the absence of Mr. Kemball Cook, the Chairman of the Shipping Section of the Reparation Commission, who was in Paris.

2. *Paper L.R.C. 9. Replacement of Machinery, etc., and Provision of Reconstruction Materials* (*Annex 4, Paragraph 2*).—Mr. Neill said that 59 claims from firms in the invaded areas, in which machinery, etc., stolen by the Germans formed a large item, have been received. The Chairman said that full details of applications for replacement of machinery, etc., should be obtained by communicating with the claimants (not by advertisement), and a list should be filed with the Reparation Commission. Mr. Lambert said that he understood that the French and Belgian Governments were not including British subjects in their claim. It was agreed that the claimants should receive any machinery, etc., obtained as a consequence of the claim.

As regards sub-paragraph (*b*), which provides for a claim for reconstruction materials for the restoration of the invaded areas, it was agreed that the British Government could make no claim.

3. *Paper L.R.C. 10.—Claim of the Sultan of Lahej.*—The Chairman considered that this ruler could not be regarded as a British national within the meaning of the Treaty.

4. *L.R.C. 11.—Board of Trade Memorandum on Miscellaneous Questions.*

(*a*) *Claims of Dominions and India.*—It was suggested that the claim of each of the Dominions should be sent to the British Empire Delegate of the Reparation Commission by the Dominion concerned, but that in the case of India the most convenient course would be for the claim to be prepared in the United Kingdom. The claim of non-self-governing Colonies, etc., would also be put forward by the United Kingdom. The details of such claims will be worked out by the Colonial Office in consultation with the Board of Tradeon questions of principle, if necessary. It was agreed that it is extremely desirable that the claims of the Dominions should be made out on identical principles with those of the United Kingdom, and that if any differences of opinion arose they should, if possible, be settled by mutual discussion.

Mr. Jenkins suggested that British Departments should see the claims of the Dominions in their final form to ensure that no discrepancy existed. He explained that his object was that all claims should be co-ordinated, and that as a matter of geography British Departments could most conveniently undertake this work. Sir George Perley pointed out that this might involve delay. It was thought that the best method of co-ordination might be for all Dominion claims to be sent in through the Colonial Office, and Sir George Perley promised to consider this alternative.

In reply to Mr. Neill, the Chairman said that the claim of a person domiciled in a Dominion should be handed over to the Dominion. As regards Dominions troops, it was explained that claims would be put in by the Dominions on the basis of the figures which are being prepared by the Government Actuary.

The Chairman emphasised the fact that the claim of the Allies as a whole must be ready by May 1921, which meant that the British Empire claim should be ready at a much earlier date, so that the utmost expedition in preparing the claim is necessary.

(*b*) As regards the definition of damage, the Chairman said that the claim should be limited to damage as defined in the ten categories contained in Annex 1. Loss of occupancy of a house requisitioned seemed to be within damage in respect of property seized, and cash (though in a Bank) and securities carried off fall within "property." Loss of wages, unless incident to personal injury or imprisonment, did not appear to be within the Annex. Reasonable compensation for pain and suffering might be included on the ordinary rules of English law. Claims should be checked and verified as far as possible. Statutory declarations should be required, and particulars and proof by certificate or otherwise of personal injuries should be obtained. Damage should be assessed on a reasonable basis in each case. An arbitrary flat rate might save trouble, but it would not be possible to defend a claim on this basis if it were attacked. The Board of Trade should consider the facts in each case or class of case and assess the damage in the same way as a jury would do.

Mr. Blackett suggested that in this particular case it might be desirable to ask the Reparation Commission to fix an arbitrary basis for valuing loss of life. The Chairman considered that the Commission would first want to see how this would work out, and that the question would be decided not from the point of view of pure reason, but from the point of view of the interest of the various Allies concerned. He thought that a far preferable plan in this as in other cases would be for the British Empire to prepare the claim on a reasonable basis and put it forward without previously consulting the Reparation Commission.

(*c*) As regards insurance, the Chairman pointed out that this is a matter of private bargain which affords no defence to the wrong-doer. It is in all cases the State which claims. The question of insurance should, therefore, be left out of account altogether in making the claim.

(*d*) The Chairman considered that there should be no advertisement or proclamation inviting claims, as this would lead to false hopes and endless correspondence. Claims should be sought out by private inquiry, so far as possible. Mr. Saunders said that the India Office considered it desirable to advertise in India.

Mr. Fass pointed out that the question would probably be discussed in the House of Commons and publicity given to it in this way.

It was decided to wait the result of such discussions.

(*e*) As regards the form of claim, the Chairman pointed out that the objects to be kept in view were to make the claim as plain and intelligible as possible for the Reparation Commission, to give every possible assistance and material for defending the claim if attacked, and to put it in such a form as would be least likely to provoke criticism or debate. Only claims endorsed by the Government should be put forward.

Mr. Payne said that the other points in the Board of Trade memorandum had now been settled or lapsed.

5. *L.R.C. 13.—Scope of Articles 231 and 232.*—The Chairman said that he considered the wording of the Treaty and the intention of the Treaty made it clear that property means *physical* property, and damage would not cover such things as loss of wages, though in the case of a personal injury, for example, the sufferer's damage would not be limited to pain and suffering and the doctor's bills, but would include loss of earnings until recovery. As to "directly," this excludes remote consequences of consequences. He considered that the loss of good-will of a school, where the buildings were damaged by bombardment, should be excluded.

6. *L.R.C. 14.—Foreigners on British Ships.*—The Chairman considered that foreigners who are members of the crew or passengers on British ships should be regarded as being within the "population" of the United Kingdom. He pointed out that the word in the French text is "resortissant," which would cover such cases. In the converse case of British nationals on foreign ships, he considered that a claim should also be put in.

Enclosure No. 3.

Minutes of the Second Meeting of the London Reparation Committee held at the Treasury on 10th February 1920.

PRESENT :

THE RIGHT HON. LORD SUMNER, P.C. (*Chairman*).

THE HON. SIR GEORGE PERLEY, K.C.M.G., Canada.

G. H. MITCHELL, Esq., Canada.

A. L. SAUNDERS, Esq., India Office.

B. H. KEMBALL COOK, Esq., C. B., Reparation Commission (Maritime Service).

H. B. JENKINS, Esq., Ministry of Shipping

SIR H. N. BUNBURY, K.C.B., Ministry of Shipping

C. HIPWOOD, Esq., Board of Trade.

H. A. PAYNE, Esq., C.B., Board of Trade.

W. NEILL, Esq., Reparation Claims Department.

W. R. SCOTLAND, Esq., Commonwealth of Australia Shipping Representative.

W. L. SABINE, Esq., Commonwealth of Australia Shipping Representative

H. E. FASS, Esq., Treasury.

THE HON. SIR EDGAR BOWING, Newfoundland

C. W. DIXON, Esq., Colonial Office.

H. J. HUTCHINSON, Esq., Board of Trade.

L. A. BULLWINKLE, Esq., Ministry of Shipping.

S. D. WALLEY, Esq., M.C. (*Secretary*).

The Chairman read a letter from Sir Thomas McKenzie, High Commissioner for New Zealand, apologising for his absence from the first and second meetings and stating that he hoped to attend the third meeting of the Committee.

(1) In the course of discussion of the memorandum by the Ministry of Shipping, the general question of how to deal with doubtful claims arose. It was agreed that while claims regarded as untrue in fact should not be put forward at all, and claims excessive in amount should be reduced to a reasonable figure, it would probably be desirable to put forward claims the admissibility of which was doubtful, and it was suggested that it would assist the British Delegate if claims were classified in at least three classes, *viz*:—

(1) claims which are regarded as sound and defensible against criticism;

(2) claims which are regarded as on the whole sound, but which might be abondoned if after discussion, the Allies agree to abandon similar claims;

(3) claims which are regarded as on the whole inadmissible and which the British Delegate would probably wish to present only if similar claims are presented by the other Allies and admitted by the Commission. The British Delegate would be responsible for deciding which classes of claims he should put forward, but it was agreed that the proposed arrangement would be of help to him.

Sir George Perley pointed out that on political grounds it was desirable for the Governments to have as little responsibilty as possible, but it was agreed that the Governments must be responsible for rejecting untruthful and obviously unreasonable claims, and reducing obviously excessive amounts.

(2) *Paper L.R.C. 12.—Ministry of Shipping Memorandum No. 1.*—Mr. Jenkins and Sir Noel Banbury explained the memorandum paragraph by paragraph.

Paragraph 3 at end.—It was explained that Memorandum No. 7 will deal with claims received by the Foreign Claims Office.

Paragraph 4.—It was pointed out that it had already been agreed that damage means physical damage, and that it must fall within the 10 categories of Annex I.

Paragraph 5.—It was agreed that the value of ships to be taken is the market value in the world market, and is not limited by Blue Book rates. Lord Sumner said that he had pointed out in Paris that Blue Book rates were in truth the sacrifice of British shipowners made to meet the exigencies of war. If account were to be taken of these rates Germany would first by going to war depreciate our ships and then sink them on inexpensive terms to herself. It was explained that the Ministry of Shipping propose to take the value of ships in the Norwegian market as the best possible approximation to a world market value. The United States of America was only neutral during part of the war, and the Japanese market was in some ways affected by peculiar conditions. In order to support the claims, evidence would be obtained from reputable shipbrokers as to the value of ships lost, taking, as a rule, the Norwegian market as the basis. The evidence might for convenience cover classes of similar ships instead of dealing with each case separately, but it was realised that it was necessary to have a valid defence against criticism of every claim.

Paragraph 6.—As regards cargoes it was agreed that the principle of market value in a free market should also apply. In the case of subsidised goods such as iron ore, the test of actual market value does not apply and it is necessary to determine on the most reasonable basis possible what the market value would have been if there had been no subsidy. The same arguments apply in the case of goods bought by the Government at a cheap price, *e.g.*, Australian wool and sold at a controlled price in this country.

Paragraph 9.—It was agreed that any damage suffered by a Power prior to its entry into the war was excluded, and that damage sustained directly in consequence of hostilities between the date of the armistice and the coming into force of the Peace Treaty (*e.g.*, by a ship striking a mine) was included. Mr. Fass raised the question of ships detained in German ports prior to the declaration of war between Germany

and this country. It was pointed out that the seizure had continued after the declaration of war, and that damage thereafter was included.

Paragraphs 10—12.—It was agreed that there is no connection between Annex 3 of the Treaty, which deals with the ships to be delivered by Germany in kind, and Annex 1, which deals with reparation payments in respect of ships lost.

Paragraph 13.—Mr. Jenkins said that about 50,000 tons of "detained tonnage" had been sunk. The Chairman suggested that though these vessels were not the property of this country, their *user* might be regarded as "property." After discussion it was agreed that this claim was a very doubtful one, and that the British Delegate would probably only wish to put it forward if similar claims by the Allies had been admitted.

Paragraphs 14—17.—Sir Noel Bunbury said that it was proposed to make use of the principles as to the distinction between war risks and marine risks which had been established by recent cases in the courts. It was agreed that the words "directly in consequence of operations of war" should be interpreted in the light of these decisions, and that what the courts would probably hold to be a loss due to war risk should be regarded as directly in consequence of operations of war.

Paragraph 18.—Sir Noel Bunbury explained that the presumption in cases of missing vessels in British law is that the loss is due to marine risk, while in French law the presumption is that loss is due to war risk. It was, however, agreed that the question is not whether the claim has been paid by the War Risk Association, but simply one of fact, *i.e.*, whether taking all the circumstances into consideration, it is reasonable to suppose that the loss was "directly in consequence of operations of war." The decision as regards insurance might be taken as a guide in doubtful cases, but it was pointed out that in the light of present information it is sometimes possible to reach a different conclusion from that reached when the question of insurance was decided.

Paragraph 19.—It was agreed that the test of naval and military works or materials is the user rather than the ownership, and that this principle might be applied to armed merchant cruisers; thus a merchantship armed for self-defence would be included, and a merchant ship commissioned for offensive service would be excluded. It was, however, pointed out that this is a doubftul case, and that it would be to the advantage of this country to exclude such cases if we could thereby secure the exclusion of analogous cases in France of civilian material used for military purposes (*e.g.*, railway rolling stock, motors, houses, etc.).

Paragraph 20.—It was agreed that armed merchant cruisers carrying commercial cargoes might be included as a special case.

Paragraph 21.—Mr. Jenkins explained that it had occurred to him that it might be possible to eliminate the decreased purchasing power of money and present a claim on a uniform basis by multiplying all sums claimed by the appropriate factors in order to convert the claim into the value of money on a particular date, *e.g.*, in 1920.

Sir Noel Bunbury said that an alternative would be to discount the claims so as to convert them into gold marks.

Sir George Perley pointed out that the other Allies would gain far more than the British Empire by taking into account the depreciation of currency. It was agreed that the claim should be presented so as to show the loss incurred, say, in each month, and thus enable the Reparation Commission to take into account the depreciation of currency on any principle which they might settle.

Paragraph 22.—The Chairman said that he considered that payment of interest from the date of loss until the presentation of the claim was not contemplated and was not provided for in the words of the Treaty.

Mr. Jenkins pointed out that if the value of the loss was estimated according to the value of tonnage at the date of loss we received less for earlier losses and therefore had an equitable claim to interest. Moreover, we paid neutrals interest from the date of loss. It was agreed that no interest should be

as prepared, but that the attention of the British Delegate should be drawn to the arguments put forward in order that he might have them in mind when the general question was considered at the Reparation Commission.

Paragraphs 24—26.—The proposals of the Ministry of Shipping were agreed to.

(3) *Paper L.R.C. 15. Shipping Memorandum No. 3.*

Paragraphs 1—10.—The Ministry of Shipping drew attention to the conclusion expressed in paragraph 10 that on the whole it would be desirable to include in the British national claim the value of all goods the loss of which resulted in a loss to British nationals as consumers. It was pointed out that this principle only differed from that of including all goods lost which at the time of loss were actually owned by British nationals, or at the risk of British consignees, in the case of c.i.f. shipments. It was considered that the principle favoured by the Ministry of Shipping was equitable as against the Germans, but might be difficult to carry in view of the probable objections by the United States of America. It was agreed that it should be ascertained whether there was any considerable advantage to this country in adopting basis "*c*," and that if not it would be preferable to adopt basis "*a*," *viz.*, the British national claim to include value of all goods lost which at the time of loss were actually owned by British nationals, or the risk of British consignees.

Paragraphs 11—14.—The proposals of the Ministry of Shipping were approved.

Paragraphs 15—17.—The proposals of the Ministry of Shipping were generally agreed to.

As regards paragraph 16, it was agreed that where cargoes lost could not be replaced at once the interest might be calculated and also the increase of price between the date of loss and the date of replacement. Where goods could not be replaced the cost taken should be the cost of getting the closest available substitute with the like allowance. Evidence should be obtained to support all claims; such evidence should be available to support the valuation of each class of cargo, though not necessarily of each packet. The valuation made by average adjusters might well be accepted as evidence.

Paragraphs 18—22.—The proposals of the Ministry of Shipping were agreed to.

Enclosure No. 4.

Minutes of the Third Meeting of the Reparation Commission held at the Treasury on the 12th February 1920.

Present:

THE RIGHT HON'BLE LORD SUMNER (*Chairman*).
THE HON'BLE SIR THOMAS MACKENZIE, K.C.M.G., High Commissioner for New Zealand.
H. E. FASS, ESQ., Treasury.
F. PORTER, ESQ., Admiralty.
W. G. SPEAR, ESQ., Admiralty.
W. NEILL, ESQ., Reparation Claims Department.
G. W. LAMBERT, ESQ., War Office.
SIR H. N. BUNBURY, K.C.B., Ministry of Shipping.
H. B. JENKINS, ESQ., Ministry of Shipping.
L. A. BULLWINKLE, ESQ., Ministry of Shipping.
B. A. KEMBALL-COOK, ESQ., C.B., Reparation Commission (Maritime Service).
ALFRED COPE, ESQ., Ministry of Shipping.
W. L. SABINE, ESQ., Commonwealth Shipping Representative.
W. O. SCOTLAND, ESQ., Commonwealth Shipping Representative.
A. L. SAUNDERS., ESQ., India Office.

G. H. MITCHELL, ESQ., Canada.

S. D. WALEY, ESQ., M.C. (*Secretary*).

Mr. Fass apologised for the absence of Sir Warren Fisher, who was still absent through illness, and of Mr. Blackett, who had to be in the House of Commons.

I.—L.R.C. 16. Ministry of Shipping Memorandum No. 4.—Sir Henry Bunbury explained that the material available for the preparation of the claim in respect of lost and damaged cargoes might be divided into three classes :—

(1) Bulk cargoes.

(2) Limited general cargoes, *i.e.*, cargoes consisting of a few commodities in large quantities (*e.g.*, cargoes consisting of oats and coal).

(3) Mixed general cargoes, *i.e.*, cargoes consisting of a great number of commodities consigned to different parties.

The claim in respect of the first two classes could be prepared in a few weeks, and no difficulty arose about this. On the other hand, the preparation of the claim in respect of the third class presented great difficulties in regard to which the Ministry of Shipping asked for guidance from the Committee. The chief difficulty consisted in ascertaining ownership. In some cases a consignee was not named, in other cases a broker was named, but it was not known for whom he was acting. Further, when the consignee was known it was not known whether he was principal or agent. In order to ascertain the facts in all cases, it would be necessary to write 320,000 letters, and to increase the staff of the Ministry of Shipping up to and beyond its maximum numbers during the War; many of the letters would have to be sent to the Colonies, and it would be many months before the facts were known. Moreover, if the persons to whom the letters were addressed had no direct interest in giving information, it would, in many cases, be impossible to obtain a reply. For these reasons the Ministry of Shipping suggested that it might be desirable to adopt an arbitrary basis of valuation in certain cases in the light of the statistics available, and to secure an agreement with the Allies as to this.

After discussion it was agreed that it would be very undesirable to adopt this course; this country has far the largest claim for lost cargoes, and the proper course was for us to put forward our claim on principles which we consider reasonable and could justify, in order to establish the precedent for other claims to be put forward on the same basis. Statistical conjectures would not really afford any proof of a claim; such proof must be founded on ascertained facts, or, failing this, on reasonable inferences from ascertained facts based on principles which could be explained and justified. The first thing to do was to ascertain all the facts readily available in this country which are required in order to determine whether lost cargoes belonged to British nationals. Underwriters should be appealed to to allow the Ministry of Shipping to inspect their records. Then brokers should be asked to specify which payments received by them were on behalf of nationals other than British. Then consignees or agents in this country should be written to, and only as a last resort should persons abroad be written to.

It was suggested that if the matter was tackled in this way it would be found possible to put in a claim by, say, the end of July, which would for the most part be verified by ascertained facts, but which would contain a residuum of conjectures. The principles on which the estimate had been reached should be explained, and it should be stated that the facts were being enquired into in these cases also, but that for reasons (which should be set forth) had not yet been obtained. As soon as the necessary facts covering this residuum were obtained, a final claim could, if necessary, be substituted for the provisional claim in respect of the residuum. On the other hand it might be found that the residuum was so small that the cost of verifying the claims contained in it would exceed the value of the claims. In these cases it might of course be left without further verification.

The general conclusion was that the Ministry of Shipping should proceed as rapidly as possible to make use of all the known and readily ascertainable facts, and to narrow down to the smallest limits the ground which could not be covered in this

way. When difficult question arose in the course of this work the Committee would be ready to consider them and give any help it could.

II.—L. R. C. 17. Joint Memorandum by the War Office and Admiralty.—Clauses 1 and 5. As regards the division of personnel into naval and military on the one hand, and civilian on the other hand, it was agreed that the criterion should be that of general status rather than that of liability to fight. The Committee went through the schedule to the War Office memorandum and decided that all the classes of War Office personnel set forth therein should be regarded as military, except that of the Volunteers, who might be considered as military when on duty and as civilians when off duty.

As regards the personnel referred to in the Admiralty memorandum the Committee decided that those engaged under the agreement known as T.-124 should be regarded as naval, and that the same should apply to the men set forth in (*b*), *i.e.*, the men engaged as crews of vessels as trawlers and drifters, utilised in connection with boom defences.

It was decided that those in categories (*e*) to (*f*) should be regarded as civilians. As regards (*c*) it was explained that foreigners on British ships should be regarded as "ressortissants" of the United Kingdom. As regards (*f*) (men in private employment), it was pointed out that a claim would only arise in respect of damage in direct consequence of operations of war.

As regards the amount of damage it was agreed that claims should be assessed at such a sum as might be awarded by a jury in an action for *tort*. It was pointed out that there would only be a claim in respect of illness which was directly due to the operations of war.

Clause 4.—The Chairman said that, in his view, there was no question of the individual having any legal claim to receive payment in respect of damage done to him by Germany, but if money is obtained from Germany in respect of claims for damage done to individuals, the individual would have a moral right to receive the payment, and public attention would probably be drawn to the case of prisoners of war. The claim, therefore, might be prepared in contemplation that some payment will be made to the individual concerned if money is received from Germany. The facts so far as they are not already in the possession of the War Office and Admiralty could be obtained from the Committee presided over by Mr. Justice Younger and if necessary from the individuals concerned. For the purpose of assessing the claims it might be desirable to obtain the advice of two or three practising lawyers who would advise as to what sum would be recovered in a civil action.

Clause 6.—It was agreed that claims made by private individuals (including the prisoners themselves) and by volunteer organisations in respect of parcels of food and clothing sent to prisoners of war should not be included in the claim. The Chairman said that the question had been specifically considered in Paris. It was agreed that the same rule applied to the civilian internees.

Clause 7.—Separation allowances.—The Chairman said that the question of converting British into French scales arose both on clause 5 and on clause 7. In the case of clause 5 the capitalised cost of pensions had to be calculated on the basis of the scale in force in France in January 1920. He considered that where the French had a scale applicable to any case, that scale should be applied, but that where the French had granted no pension or compensation, and therefore had no scale applicable, the amount due should be calculated as the capitalised cost on the British scale. (This is challenged by the Government Actuary's Department and is to come up again.) He realised that the French would oppose this interpretation. In the case of clause 7 (Separation Allowances) the words were "the amount due for each calendar year in which hostilities occurred being calculated for each Government on the basis of the average scale for such payments in force in France during that year."

Mr. Lambert said that the only material available was the payment made month by month and the number of families who received payment. It was not known what payments were made in respect of the wives, children and dependants respectively, and to analyse the payments made would be stupendous task as two or

three million families had received allowances during each year of the war. It was suggested that if some formula such as that suggested in the War Office memorandum were accepted by the French Government, the other Allies would probably agree and the claim could be calculated in a comparatively short time.

It was therefore decided that the Treasury should communicate with Sir John Bradbury explaining the difficulties which had arisen and asking his advice upon the question in what form and at what time it would be most feasible to approach the French Government upon the subject so as to reach an agreed solution of the question. Mr. Lambert said that the War Office are prepared to give Sir John Bradbury full explanation as to the facts of the case and the difficulties.

Clause 9.—This was postponed to a further meetin

Enclosure No. 4.

L. R. C. 5.

Reparation in Claims in respect of Prisoners of War.

No. 137794-218-K.

FOREIGN OFFICE,
S. W. 1,
November 10th, 1919.

SIR,

With reference to your letter of the 21st July last, No. 316-76-19, addressed to the late Prisoners of War Department regarding the formulation of the British Claim against the German Government under Annex: 1, Part VIII of the Treaty of Peace, I am directed by Earl Curzon of Kedleston to state for the information of the Lords Commissioners of His Majesty's Treasury, that the question of possible claims under sections 2, 3, 6 and 8 of the Annex: referred to has been considered both by this Department and by the late Prisoners of War Department.

I am to observe that a number of points have arisen in connection with the proper interpretation of the terms of Annex: 1 upon which Lord Curzon considers that definite rulings should be obtained from the Reparation Commission, and these points are enumerated below in the form of definite questions to which, in each case, has been added a brief note as to the connection in which difficulties in interpretation have arisen.

I.—*Is the term "Prisoners of War" in section 6 to be held to include interned civilians?*

(It is observed that sections 2, 3, 4, 5, 7, 8 and 10 of the Annex: all appear to be explicit in regard to whether the particular categories covered are civilians or combatants. If, however, section 6 excludes interned civilians a considerable amount of expenditure incurred by His Majesty's Government in assisting interned civilians, their families and departments cannot be recovered from the German Government.)

II.—*Is Expenditure incurred by His Majesty's Government in assisting prisoners of war and civilians originally interned in Germany but later transferred to Holland or Switzerland for internment to be charged to the German Government?*

(It is observed that prisoners of war transferred for internment in these neutral countries were, even after their transfer, nominally in the hands of the German Government and were only "hospitalised" by the Dutch and Swiss Governments.)

III.—*Can expenditure by the National Relief Fund on grants, Allowances etc., to Prisoners of War, interned civilians, their families and dependents, be regarded as Government Assistance, and therefore recoverable under section 6?*

(In a good many cases the wives and dependents of interned British civilians received assistance from the National Relief Fund, through the local Representative Committees for the Prevention and Relief of Distress, the Professional Classes Relief Sub-Committee, and the Central Charities Committee. The latter

Committee, whose funds were derived entirely from the National Relief Fund, maintained and assisted a considerable number of families and dependents of interned British civilians.

(The National Relief Fund was, however, the result of *voluntary* subscriptions).

IV.—*At what point must an individual cease to be regarded as a Prisoner of war or interned civilian ?*

(Must such an individual be deemed to have lost the status of a prisoner of war or interned civilian at the moment he has left enemy territory and is out of jurisdiction of the enemy Government, or may that status be presumed to continue until his arrival in British Dominions ? Upon the answer to this would appear to depend the right of His Majesty's Government to claim from the German Government expenses incurred by His Majesty's Government in the repatriation of prisoners of war and interned civilians).

V.—*Should the costs incurred by protecting mission in enemy countries in administering relief to Prisoners of War and interned civilians be charged against the German Government ?*

(*i.e.*, expenses such as salaries of staff, rent of premises, travelling expenses, heating, lighting, etc.).

I am to request that, should Their Lordships see no objection, steps may be taken to obtain a definite ruling in each case from the Reparation Commission, and that Lord Curzon may be informed in due course of the result.

I am to state that a separate communication is being addressed to the Lords Commissioners regarding the material at the disposal of the Department in respect of claims against the German Government.

I am,

SIR,

Your most obedient, humble Servant

(Signed) F. G. A. BUTLER

The Secretary to the Treasury.

48178-19.

11th December 1919.

MY LORD,

In reply to Mr. Butler's letter of the 10th ultimo (No. 137794-218-R.) relative to certain points of construction arising on the wording of the Reparation Articles and the Annex: thereto in the Treaty of Peace with Germany, I am directed by the Lords Commissioners of His Majesty's Treasury to state that They have consulted Lord Sumner's Committee which reached the following conclusions :—

1. The term Prisoners of War is not to be held to include interned civilians.
2. Expenditure incurred by His Majesty's Government in assisting Prisoners of War originally interned in Germany but later transferred to Holland or Germany for internment is to be charged for the whole period of internment whether in Germany or in a neutral country.
3. Expenditure by the National Relief Fund on grants, Allowances, etc., to Prisoner of War, their families and dependents is not to be claimed except in so far as money was advanced to the fund by His Majesty's Government for the purpose of such grants or allowances. Any such grants or allowances would presumably be in addition to the ordinary separation allowances and therefore chargeable under Clause 6 as suggested instead of under Clause 7.
4. An individual must be regarded as a Prisoner of War until his arrival in British territory or on board a British ship

5. The costs incurred by the Government in respect of protecting Mission in Enemy Countries, in administering relief to Prisoners of War is t be charged.

I am,

MY LORD,

Your obedient Servant,

(Sd.) B. P. BLACKETT

The Under Secretary of State,

Foreign Office.

Enclosure No. 5. L. R. C. 6.

REPARATION CLAIMS TO BE MADE BY THE ADMIRALTY.

Points on which a ruling is necessary before steps can be taken to formulate the Admiralty claim.

CLAUSE 1. OF ANNEX 1.

A considerable number of awards have been made in respect of loss of life and injury to Civilians while employed by the Admiralty and serving afloat. The awards are made under the Compensation Scheme framed under the Injuries in War Act passed during the war. The bulk of the cases are those of the Mercantile crews of vessels taken up for Admiralty service, *e.g.*, Armed Merchant Cruisers. The scheme also applies to the crews of Mercantile Fleet Auxiliaries Commissioned and Non-Commissioned, Dockyard Craft, Dredgers, etc., and to Admiralty emlpoyes proceeding on passage to service abroad.

Points for decision :—

(1) Are these men to be regarded as civilian in the sense of Clause 1, or are they "Naval and Military victims of war" in the sense of Clause 5 ?

(2) If the men are regarded as civilians under Clause 1, is the claim against Germany to be limited to cases of personal injury or death due to acts of war or should it embrace cases of invaliding consequent on sickness due to or aggravated by service on which the men are engaged ? Further is the payment made by the Admiralty to be the measure of the loss sustained ?

(3) Are payments of the nature of pension under Clause 1, to be capitalised as in the case of payments under Clause 5. If so, presumably the Government Actuary will act in the matter ?

NOTE.—At the preliminary conference held at the Treasury it was suggested by the Admiralty representative that casualties among such civilians serving on Commissioned Ships should be dealt with under Clause . On the ground that the men were serving alongside Naval man, and that all other cases should come under lause 1. At a late period of the war the Ministry of Pensions took over the grant of awards to such Civians who signed an agreement to serve for the period of hostilities. These awards are made at the rates pplicable to Naval men.

CLAUSES 2 AND 3.

There are no claims to be made under these Clauses.

CLAUSE 4.

A small number of claims has been made by Officers and men for compensation or ill-treatment but no payments have been made. The list is probably not a complete statement of such cases that have occurred.

Points for decision :—

(1) Are claims for ill-treatment to be limited to those cases in which the ill-treatment results in disability entitling to an award under the Royal Warrant, or is compensation to be granted for the suffering and hardship endured ? If the latter, how are the claims to be verified and on what basis assessed ?

(2) Are claims to be invited (by advertisement or otherwise) and is payment to be made from public funds in anticipation of the claim against Germany? There is at present no authority for such payments from public funds.

(This matter affects the War Office in a greater degree than the Admiralty.)

CLAUSE 5.

The principal claim under this Clause will be made by the Ministry of Pensions.

The following classes of payment made by the Admiralty will require to be included in the Ministry of Pensions claim.

(*a*) Awards to Naval men and their dependents made by the Admiralty before the formation of the Ministry of Pensions which had lapsed before the transfer of duties. (Awards in force at the time of the formation of the Department were transferred.)

(*b*) Pensions and Gratuities granted from Navy Votes in respect of wounds received by Officers in action.

No special points arise so far as the Admiralty is concerned.

CLAUSE 6.

A claim will be made in respect of the payments made by the Admiralty to Officers while prisoners of war to cover expenditure on extra food, and in respect of loss of kit. The payments for food were at the rate of 5*s*. a day up to a certain date and 7*s*.-6*d*. a day thereafter.

No question appear to arise under this Clause except that presumably Separation and other Allowances paid to families of prisoners of war will be claimed under this Clause and not under Clause 7. This will admit of payment being claimed in full.

CLAUSE

Under this clause fall to be claimed the payments made by the Admiralty in the form of Separation Allowance, Family Allowance aud Childrens allowance.

Points for decision :—

In order to avoid the enormous amount of work involved in preparing a detailed statement of payments as appears to be contemplated by the clause, can an agreement be arrived at to base the claims on the total amount paid in each year according to the ratio that the French Scales bear, on the average to the British Scales?

(This suggestion is elaborated in the attached report by the Officer in charge of the Naval Separation Allowance work.)

CLAUSE 8.

No claims.

CLAUSE 9.

Apparently loss of, or damage to, purely naval property is excluded.

It is understood that the Ministry of Shipping will prepare a full report on this clause so far as it affects losses of ships and cargo. Prior to the formation of the Ministry of Shipping the Admiralty dealt with many cases of loss of and damage to Merchant vessels temporarily employed on Admiralty service, *e.g.*, vessels carrying coal, oil fuel and Naval Stores, Hospital ships, etc., whatever may be decided, therefore, with regard to cases dealt with subsequently by the Ministry of Shipping will apply to similar cases dealt with by the Admiralty before the formation of the Ministry of Shipping.

Large numbers of payments have been made by the Admiralty in respect of the loss by Officers and men of their personal property through the sinking of ships, etc. These apparently should be reclaimed under this Clause as the property does

not come within the category "Naval works or material." The payments do not, however, represent the full loss sustained, as compensation is strictly limited by the Admiralty regulations.

Points for decision :—

(1) Are the claims against Germany in respect of compensation to officers and men for loss of kit to be limited to the amounts paid under Admiralty regulations ?

(2) The question also arises whether, under the final sentence of this clause, compensation can be claimed in respect of the payments made to the owners of property which has been hired, requisitioned or purchased during the war for Naval purposes, *e.g.*, Submarine bases, gun stations, Air stations, etc.

CLAUSE 10.

52440-19.

December, 1919.

SIR,

I am directed by the Lords Commissioners of His Majesty's Treasury to refer to the memorandum prepared by the Admiralty relative to Reparation Claims headed "Points on which a ruling is necessary before steps can be taken to formulate the Admiralty claim".

Their Lordships have submitted the memorandum to Lord Summer's Committee which reached the following conclusions :—

Clause 1.—(1) This clause is intended to cover all persons not properly included in the fighting forces of the Crown. *Primâ facie* it would appear that a person should be considered a civilian if he was not serving on a commissioned ship and if it was no part of his duty to fight. The information supplied is, however, insufficient to enable the Committee to form an opinion as to the status of the classes in question and I am to ask that a memorandum may be furnished setting out the various categories of persons in Admiralty employment whose inclusion in the fighting forces of the Crown is open to question with particulars of the terms of their enlistment and of the nature of their duties. It should be stated whether they were respectively subject to naval discipline and received naval rewards.

(2) In cases in which the men are regarded as civilians the claim should embrace cases of invaliding consequent on sickness due to or aggravated by service. The amount should not be limited to the payment made by the Admiralty.

(3) Payments in the nature of pension should be capitalised. The point will be submitted, if necessary, to the Government Actuary.

Clause IV.—

(1) Claims should not be limited to those cases in which the ill-treatment has resulted in disability entitling to an award under the Royal Warrant. It will probably be necessary for applicants to be examined personally. Types of claim should be scheduled and the claims when verified submitted for assessment to a Board of (say) three assessors.

(2) Claims should not be invited by advertisement. Lord Justice Younger's Committee, the Prisoners of War Department and the Prisoners of War Committee and the Navy League will probably be in a position to furnish the names of all camps in which ill-treatment occurred. It may be advisable to make enquiry of the individuals known to

have been interned in such camps. The Admiralty should in the first place report what classes of records are available.

Payment cannot be made from public funds in anticipation of claims.

Clause VI.—

Separation and other allowances to Prisoners of War should be claimed under Clause VII unless and except in respect of any special grants over and above the ordinary separation and other allowances at the rate paid before capture.

Clause VII.—The suggestion made might work out to the disadvantage of this country. There might be many more cases in the category receiving the largest allowances in this Country than in France. The payments made in respect of each category for each year should be taken out and if the amount was increased in the course of the year the total divided by the number of cases and reduced to the amount paid per case for the year in the corresponding category, in France.

Should there be no corresponding category in France on account of the absence of a corresponding rank the case should be treated on all fours with the nearest British rank to which there is a corresponding rank in France. Should the absence of correspondence be due to absence in the scale of allowances of grants similar to those paid in this country the nearest scale should be taken. The absence of a comparable scale is not, however, to preclude a claim. In such a case the British scale should be taken. It is, however, appreciated that the amount involved in the difference in the manner in which the claim is presented might be insufficient to justify the expenditure required to extract the necessary details. Further information should be submitted on this point.

Clause I.—

1) The claim is not to be limited to the amounts paid under Admiralty regulations.

2) Claims cannot be made in respect of money paid by way of compensation to owners in respect of the hire requisition or purchase of property during the war. A question will arise under this clause as to the admissibility of claims in respect of ships hired by the Admiralty. Its determination will probably depend on the nature and condition of the service performed by the hired ship. Ownership will not be a complete test.

I am,

SIR,

Your obedient Servant,

(Sd.)

The Secretary, Admiralty.

(Copy).

No. 18-B. N. P. (3)-19598.

ADMIRALTY,

24th December 1919.

SIR,

With regard to Treasury letter of the 11th instant No. 52440, conveying the conclusions of Lord Sum er's Committee on the Admiralty Memorandum respecting the Reparation Claims against Germany, I am commanded by my Lords Commissioners of the Admiralty to offer the following comments on the conclusions arrived at in regard to Clauses VI and VII :—

The proposal of the Committee is to assess the claim in respect of Separation and kindred allowances according to categories of payment on the French scale ; the categories contemplated being apparently based not only upon rank and rating but also upon the varying nature of the grants payable to members of each category.

Thus, for example, the Seaman class contains both married and single men, while the rates and conditions of payments in respect of members of those categories vary considerably ; in the case of the married men according to the size of their families, and in the case of the unmarried men according to the number of dependants, the extent of the pre-war dependence, and the amount of the allotment from the man's wages.

The adoption of standard rates in each category or sub-category would therefore be a matter of some difficulty and even the adoption of some arbitrary standard, *e.g.*, the sum paid on account of a British married man with a wife with two children, would only slightly decrease the difficulties of this form of computation, while the chief difficulty, that of obtaining statistics of the various categories, would remain.

The copy of extracts from Admiralty Orders enclosed indicate on page 2 the varying rates in current payment for the four categories into which members of the British Navy are divided for the purposes of separation allowance. Those rates, however, are the last of a series of rates which have varied from time to time since the outbreak of hostilities.

As regards dependents other than wives and children paragraphs 18 to 21 on pages 4 and 5 and the section on Parents' allowances from page 10 onwards, indicate the complexities of the payments authorised, to which there may be no parallel in the French Navy.

My Lords are of opinion therefore that nothing short of a complete analysis of the records of separation allowance payments would suffice to determine.—

(*a*) the number of cases under each category,

(*b*) the apportionment of those number over the period in calendar years,

(*c*) the division under each year of the members of each category into married men and others,

(*d*) the payment effected in each case, with due allowance for the various changes of rate and any increase or decrease in the number of children within the appropriate ages.

It should be realised that these records are contained on many hundreds of thousands of cards, the majority of which are now non-current, and that a distinct, and in most cases, intricate calculation would be necessary in each case. While with those statistics computed, it would still be necessary to institute comparison with more or less similar statistics prepared by the French from their records to determine the ratio on which the claim should be based.

As suggested by the Committee there would be great difficulty in effecting this comparison of the different categories in the two Fleets and this is precisely one of the reasons for avoiding computation on the suggested basis. Moreover, the work would require a large experienced, and skilled staff, the cost of which would be out of all proportion to the amount of money involved.

My Lords consider that the alternative basis for the claim as the ratio of the annual averages of British and French payments spread over the whole personnel of the respective navies seems to present the most simple solution of the difficulties, besides providing a sufficiently near approximation to the facts.

It is not quite clear how this Department's proposal would work out to the disadvantage of this country as compared with the suggestion of the Committee. The decision to reduce the British claim to the French ratio shows that a very material portion of the British expenditure is to be waived, and it would seem, therefore, to be of minor consequence even if, owing to the proportion of Chief Petty Officers, say, being larger in the British than in the French Navy, a further comparatively small reduction might be made in the total claim.

My Lords desire that these comments may be referred to Lord Sumner's Committee for their consideration, and that it may be represented that if the Admiralty alternative method of computation of this point of the claim should be agreed to, it would be possible to include the claim in respect of payments to

dependents of prisoners of war in the amount calculated as due under Clause V. a course which appears to be the intention of the Committee in view of their remar in regard to Clause VI.

I am,

SIR,

Your obedient Servant,

(Sd.) J. W. S. ANDERSO

The Secretary,

His Majesty's Treasury,

S. W. 1.

Enclosure No. 6.

L. R. C.

WAR OFFICE REPARATION CLAIM.

Questions to which answers are required in order to enable the War Office Clai to be prepared.—(References are to items on attached memorandum).

4. (Maltreatment of prisoners of war)—the question how and in what shape claims under this head are to be dealt with is being discussed at the War Office, and the subject is not yet ready to be laid before Lord Sumner's Committee.

5. (*i*)—(*iii*). Are the three categories of persons mentioned military victims ? None of them were *enlisted* soldiers.

If they are, how are the awards made for disability which are on more or less civilian scales, to be reduced to the French scale, *i.e.*, is it necessary to enquire whether the French employed similar categories and, if so, what scales of compensation they paid ? If the French did not employ similar categories, what French scale is to be taken ?

5. (*iv*). Wound pensions and Gratuities to Officers—total payment to date available, and future payments can be calculated acturially. But how is the total figure to be transposed to French scale ?

6. (*ii*)—(*iv*). Can expenditure under these heads be classed as "Assistance" to prisoners of war ?

7. (*i*) Up to what date are separation and dependants' allowances to be claimed ?

Will the suggested method of reduction to French scale be accepted ?

7. (*ii*)—(*iv*). Are these claimable under Clause 7 ? If so, how are the totals to be transposed to French scale ?

9. (*i*) (*a*)—(*c*). Does Clause 9 cover : —

(*a*) All damage compensated for out of Army funds during the war in the United Kingdom, and British Empire ?

(*b*) All damage compensated for out of Army funds in France, Flanders, Italy and other Allied countries ?

(*c*) All damage compensated for out of Army funds in occupied enemy territories (Mesopotamia, Levant, German East Africa, Cameroons etc.) ?

(*d*) All war damage (strictly so-called) which has been assessed but not paic for, in the United Kingdom, British Empire and Occupied Territorie (War damage in Allied territories will presumably be dealt with by Allied Governments as part of their own claims under Clause 9)

(*e*) Will the Colonial Office be responsible for collecting the claims by Dominion and Colonial Governments in respect of payments from their own military funds on account of damage under heads (*a*) (*c*) above ?

War Office.

Possible claims against Germany under Annex I (Article 232) Peace Treaty.

Item.	*Position as regards availability of dat*
(References are to paragraphs of Annex I.)	
1. Claims on account of compensation paid from Army Funds in respect of civilians in War Department employ killed or injured in United Kingdom by enemy action :—	
(*i*) on land : civil servant killed.	Figures based on commutation of actu awards available at once.
(*ii*) afloat : crew of examination vessel.	
2. None.	
3. None.	
4. See separate memorandum annexed.	
5. Claim on account of compensation paid by War Department in respect of	
*(*i*) Civilians employed on shore overseas in connection with Expeditionary Forces.	Charges are not distinguished in Army Accounts and the only way of compiling a claim on a French Scale would be to take a sufficiently large number of cases (Actual) in each category and calculate the average award : state this as so much per cent of maximum award. Take same percentage of French maximum and calculate over total number of awards made. The task of ascertaining the number of awards would be difficult in the case of Labour Corps, as the awards have been made in many distant places. It would also be necessary to find a French equivalent in each case.
(*ii*) Members of enrolled Labour Corps not dealt with by Ministry of Pensions.	
(*iii*) Members of Queen Mary's Army Auxiliary Corps and Voluntary Aid Detachment General Service Section, etc.	
(*iv*) Wound Pensions and Gratuities	Total expenditure available : but not clear what French equivalent would be.
6. (*i*) Claim in respect of grant from Army Funds to Central Prisoners of War Committee, etc.	Exact figure available.
(*ii*) Expenditure by Territorial Force Associations in connection with despatch of clothing to prisoners of war.	Exact (or nearly exact) figure obtainable at short notice.
*(*iii*) Separation Allowance in respect of prisoners of war.	
*(*iv*) Cost of maintenance of prisoners of war sent from enemy countries to neutral countries.	
Doubtful items : see memorandum annexed.	
7 (*i*) All separation and family allowances (excluding those in respect of Armies of Occupation claimed as part of cost of	Total annual charge and total number of cases in payment per annum for each year of war immediately available

*Classed as military victims, but this classification may be questioned.

those Armies, and possibly those in respect of prisoners of war [see 6 (*iii*)].	Average annual charge per case is thus available. This can be stated as so much per cent of standard rate per annum and by comparison of latter with French Standard rate a total claim on French Scale can be worked out. A calculation worked out by taking each case separately would be too laborious.
(*ii*) Ministry of Pensions Special Allowances (payable in cases the War Office cannot take).	The totals under each head in £ s. d. can probably be stated without much difficulty.
(*iii*) Payments by Civil Liabilities Committee.	There is probably no French equivalent, and the method of transposing to French Scale gives rise to a difficulty.
(*iv*) Officers' children's allowances.	

NOTE.—The question of the *date* up to which allowances under 7 may be claimed must be decided before a claim can be formulated

8. None.

9. (*i*) Claim on account of payments made by War Department in respect of	
(*a*) damage to private property in United Kingdom compensated for by D. of R. Losses Commission (excluding compensation in the nature of rent).	Very difficult to assess this item accuratey: considerable research will be necessary.
(*b*) Similar *damage* overseas for which compensation has been paid by Claims Commissions, etc.	The records of payments are scattered over the world, and assessment will be very difficult and take a long time; it may be necessary to wait till all records now abroad are brought home.

NOTE.—Damage done by British troops overseas in connection with actual operations of war ("faits de guerre") has not been made the subject of compensation in any threatre of war.

(*c*) Compenasation to Officers for loss of kit (being their personal property).	The records of these payments are scattered over the world: an average figure per claim could be calculated over a large number of claims and the average figure multiplied by the total number of claims dealt with in all theatres of war would give a rough estimate of the total charge under this head. (The total figure cannot be taken from the accounts.)
(*ii*) Claims by individual members of His Majesty's Forces in respect of losses of property for which compensation cannot be recovered under Service Regulations.	No complete data available: the compilation of this claim will take some months.

NOTE.—It is proposed to set up an Inter-departmental Committee to collect (through public advertisement), assess and total all claims of this nature.

NOTE.—*Item 1.*—(*ii*) to be fursnished to Board of Trade for entry in their claim.

Item 5.—(*i*)—(*iv*) to be furnished to Ministry of Pensions for entry in their claim

Item 7.—War Office to collect corresponding items from other departments concerned

MEMORANDUM.

1. *Paragraph 4 of Annexure 1.*—The admission of claims from individual *ex*-prisoners of war on account of maltreament, etc., to compensation over and above that (if any) recoverable under Service regulations, gives rise to considerable difficulties.

(*i*) The assessment of such claims in £ s. d. is next to impossible.

(*ii*) The verification of facts which are alleged to have taken place in an enemy country is always difficult, and often impossible.

(*iii*) If such claims are admitted and met, the man who had, *e.g.*, lost his health owing to maltreatment while a prisoner would receive more than a man who had lost his health (to the same extent) in the stress of active service and who had never been taken prisoner.

(*iv*) The difficulty of defining maltreatment, even when the facts were clear, would cause distinctions to be drawn between the cases of individual *ex*-prisoners that would be the subject of continual appeals.

On the above grounds, it was decided by an Inter-departmental Conference at the War Office (at which all the Service Departments were represented) that it was undesirable to admit individual claims under this head.

2. *Paragraph 6.*—It is not clear whether (*iii*) and (*iv*) under this head (above) should stand. Under 6 Separation allowance in respect of prisoners of war might be claimed *in full*: while if transferred to 7 will only be recoverable on the French Scale. It is therefore more advantageous to claim under 6. Item 6 (*iv*) is not explicitly provided for in the Annex. at all.

—

52442-19.

11th December 1919.

SIR,

I am directed by the Lords Commissioners of His Majesty's Treasury to refer to Mr. Lambert's semi-official letter to Mr. Waley of the 8th ultimo covering a memorandum relative to the questions to which answers are required in order to enable the War Office Reparation to be repaired.

I am to say that the question has been referred to Lord Sumner's Committee, which reached the following conclusions:—

CLAUSE IV.

The following decision has been communicated to the Admiralty in respect of points raised by them under the claim.

"(1) Claims should not be limited to those cases in which the ill-treatment has resulted in disability entitling to an award under the Royal Warrant. It will probably be necessary for applicants to be examined personally. Types of claim should be scheduled and the claims when verified submitted for assessment to a Board of (say) three assessors.

(2) Claims should not be invited by advertisement. Lord Justice Younger's Committee, the Prisoners of War Department, and the Prisoners of War Committee and Navy League will probably be in a position to furnish the names of all camps in which ill-treatment occurred. It may be advisable to make inquiry of the individuals known to have been interned in such camps. The Admiralty should in the first place report that classes of records are available.

Payment cannot be made from public funds in anticipation of claims."

CLAUSE V.

Primâ facie it would appear that a person should be considered a civilian if he not on the strength of a regiment and it was no part of his duty to . The information supplied is however insufficient to enable the Committee rm an opinion as to the status of the classes in question and I am to ask that

a memorandum may be furnished setting out the various categories of persons whose inclusion in the fighting forces of the Crown is open to question with particulars of the terms of their enlistment and of the nature of their duties. It should be stated whether they were respectively subject to military discipline and received military rewards.

It will be necessary to enquire whether the French employed similar categories.

In the case of classes held to be part of the fighting forces of the Crown to which there is no corresponding class in France, if the absence of correspondence is due to the absence of a similar grade in France the class should be treated on all fours with the nearest British rank to which there is a corresponding grade in France. If there is no grade at all comparable the British scale should be adopted. The absence of correspondence is not to be taken as excluding a claim.

If the War Office grants corresponding to wound pensions and gratuities were not made by France the British scale should be adopted.

CLAUSE VI.

Separation allowances in respect of Prisoners of War should be claimed under Clause VII.

Separation allowances should be claimed up to the end of the year 1918.

Further information is required as to the exact nature of cases in which special allowances were made by the Ministry of Pensions. Payments by the Civil Liabilities Committee and allowances to Officers' children can be claimed if made from Government funds. The British scale should be taken if there is no French equivalent.

CLAUSE IX.

Claims cannot be made in respect of damage to private property in the United Kingdom or overseas compensated for out of Army funds except in so far as it is damage done by British Troops overseas in connection with actual operations of war.

Claims can be made for loss of kit or other property and are not limited to the amounts paid from Army funds. Claims are not limited to cases in which compensation can be recovered under Service Regulations. Claim must not be invited by advertisement.

I am,

SIR,

Your obedient Servant,

(Sd.) B. P. BLACKETT.

The Secretary,
War Office.

52442-19.

11th December 1919.

SIR,

I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith for your information a copy of the following correspondence :—

Foreign Office to Treasury, dated 10th ultimo ;

Treasury to Foreign Office, dated 11th instan

Admiralty to Treasury, dated 7th August last

Treasury to Admiralty, dated 11th instant ;

Semi-official letter from War Office to Treasury, dated 8th ultimo;

Treasury to War Office, dated 11th instant;

relative to the preparation of Reparation Claims.

I am,

SIR,

Your obedient servant,

(Sd.) B. P. BLACKETT.

A. McFadyean, Esq

Enclosure No. 7.

L. R. C. 8.

Claims for compensation against Germany for loss of life and personal injury at sea.

Compensation may be claimed from Germany in respect of the total damage under the following categories:—

1. Damage to injured persons or to surviving dependents by personal injury or death of civilian caused by acts of war including bombardment or other attacks....on sea.....and all the direct consequences thereof, and of all operations of war by the two groups of belligerents wherever arising.

2. Damage caused by Germany or her allies to civilian victims of acts of cruelty, violence or maltreatment (including injuries to life or health as a consequence.....of exposure at sea.....), wherever arising and to the surviving dependents of such victims.

1. SCOPE OF CLAIM.

Under the War Risks Compensation Scheme for the Mercantile Marine, compensation is payable by the Board of Trade in the case of officers and men who lose their lives or are injured on British merchant ships through war perils. The Board of Trade deal with the cases of officers and men in the pay and employment of the owners, and the Admiralty deal with cases of officers and men in their pay and employment.

he Board of Trade have admitted as war perils cases of—

(1) Missing ships in which there is any reasonable probability that the loss was due to war perils.

(2) Collisions which, in the opinion of the Board, were caused or contributed to by vessels being navigated contrary to the Collision Regulations but in accordance with Admiralty War Instructions (*e.g.*, without lights or at full speed in fog).

Each case is gone into carefully on its merits and a number of claims under both heads have been considered and not admitted. It is probable, therefore, that the line which has been drawn represents as fairly as possible the line between marine and war risks.

The Board of Trade have also admitted cases of explosion at Archangel and at Halifax. There was some evidence of the action of enemy Agents in the Archangel cases and there was suspicion but no evidence in the case of the Halifax disaster. The latter was caused by a Belgian vessel colliding with a British vessel containing munitions, the collision being due to the negligence of the helmsman of the former vessel. The Board of Trade thought in fairness that the dependents of these members of the crews of British ships who lost their lives in this disaster should be given the benefit of the Compensation Scheme, but it is a question whether this case could be included in the claim against Germany. The claim in respect of damage to property will probably be considered under Category 9, and the decision in regard to the lives lost might follow that in the case of the property.

The Board of Trade have admitted certain cases of incapacity which they thought should be regarded as due to war perils not directly due to enemy action, for example, compensation has been granted to the dependents of men who lost their lives from contracting malaria while their ships were detained in Dakar waiting for convoy. If the vessel was trading to the West Coast of Africa, or if the vessel merely called at Dakar in the ordinary course of trade, no compensation was granted if a man died from malaria contracted there. The element of war peril was brought in by the ship being detained waiting for convoy.

The above shows the lines on which the Compensation Scheme has been administered by the Board of Trade and it is suggested for consideration that, with the possible exception of the Halifax cases, the British claims in respect of seamen on merchant ships should be prepared on the same lines.

A further claim which may arise under these categories is that in respect of the loss of life of and injury to civilians employed by the Admiralty and War Office. In these cases it is a question whether the claim should be brought under Category 5 or Category 1, and it is understood that this question has been raised by the Admiralty and also by the War Office. If it is decided that all or any of the cases come under Category 1, the claims should be dealt with in a similar manner to those arising in respect of seamen on merchant ships.

2. Information available.

Crew Lives Lost.—The Board of Trade have a complete record of the names and number of crew lost when vessels were sunk through war perils, but the record does not take account of any members of the crew who may have died subsequently from shock or exposure. These cases will not, however, be very numerous and from the nature of the cases it would be difficult to obtain accurate information under this head.

Crew Injured.—No record is ordinarily kept at the Board of Trade of the men who are injured when a ship is sunk, and no complete record of men injured exists. The War Risks Associations who administer the Compensation Scheme have, however, a record of the numbers of persons to whom compensation has been granted on account of injury or incapacity through War perils. The Foreign Claims Office have records of a very large number of men who have received no compensation from the Government. These men's claims may, or may not, have been considered, but the Compensation Scheme is very well known, so probably all genuine cases are included in the War Risks Associations' figures. It is suggested that the claim against Germany should be made up from these figures.

Fishing Vessels.—The Board of Trade have a record of the names and number of lives lost on British fishing vessels. The Fishing Vessels Compensation Scheme, however, does not apply in the case of every fishing vessel, and the records of the War Risks Association of the number of persons injured is, therefore, not quite complete. An estimate of this number could be given if required.

Passengers.—The Board of Trade have a record of the number (but not names) of civilian passengers killed through enemy action. No record exists of the number of passengers injured and this information could not be obtained from the Shipping Companies as there are many cases of injury and incapacity of which they know nothing. An estimate of the number of injured passengers could be made by using the same ratio of injury to death as in the case of the crew.

3. Basis of Claim.

The question arises as to the basis on which the claim should be put forward, and it is suggested that the proper basis should not be nationality of person killed or injured, but nationality of ship. If the basis of nationality of persons were adopted, it would be extremely difficult to formulate an accurate British claim, as we have no information whatever regarding the names or number of British seamen who have lost their lives on allied or neutral vessels, and without exhaustive search we cannot distinguish the foreigners on British ships (on this point see letter of the 11th December from Mr. Hipwood to Mr. Fass). We have granted compensation to persons injured and to the dependents of persons killed on British ships irrespective of nationality and irrespective also of whether the ship was registered in

the United Kingdom or in a Colony or Dominion, and it is believed that the same course has been adopted in other countries.

4. AMOUNT OF CLAIM.

Lives lost.—In the original Treasury Memorandum it was suggested that £1,000 should be claimed as compensation for each life lost, whether passenger or crew. This suggestion was put forward with a view to some figure being adopted by the Allies as the value of a life irrespective of the status of the person or how the life was lost. It is comparatively easy to ascertain the numbers of civilian lives lost at sea on ships of each nationality, and in air raids, and French and Belgians may have records of the number of civilians killed in France and Belgium by the Germans. A claim based on numbers is one it is possible to check. A claim based on individual applications each made on a different basis, would be very difficult to formulate, and could hardly be subject to any examination by the Allies.

As regards the actual figure to be inserted, it is estimated that the cost of the compensation payable under the War Risks Compensation Scheme will be between £800 and £900 per life lost. This scale is slightly less generous than the Ministry of Pensions scale but not appreciably so.

Injury.—Cases of injury and incapacity are more difficult as they vary from very serious injuries and mental derangement to such slight shock owing to being torpedoed as to be almost negligible. It would be possible to put in a claim for a small sum in respect of each person torpedoed or mined, estimated to cover the less serious cases and a claim for a larger sum in respect of each person injured to whom the Government has paid compensation, *i.e.*, cases of proved injury due to enemy action at sea. It is suggested that the latter figure might also apply to cases of proved injury in the occupied territories, and in air raids, etc.

L. R. C. 9.

Enclosure No. 8.

REPARATION CLAUSES—ANNEX: 4, PARA. 2.

Annexed is correspondence between the Treasury, the Board of Trade and the British Secretary of the Reparation Committee.

As regards Clause (*a*) which provides for replacement of animals, machinery, etc., stolen, the Board of Trade are ascertaining British claims from the Foreign Claims Office and will file the required list if necessary.

As regards (*b*) which provides for the supply of reconstruction materials by Germany, the Board of Trade suggest that we should make an agreement with France and Belgium to secure that British establishments shall receive their due quota, the cost to be charged to British Reparation Account.

In both cases the question arises whether British establishments in France and Belgium should receive the animals or machinery under Clause (*a*) and the reconstruction materials under Clause (*b*) in the same way as French or Belgian establishments. This would place them in an unfairly favourable position as compared with British establishments damaged by air raids, and on this ground the Government have refused to make the same cash advances to British establishments in France as those made by the French and Belgian Governments to their nationals.

The alternative would be that the British Government should receive the animals and machinery under (*a*) and the reconstruction materials under (*b*) and sell them either to the damaged establishments in France or to other purchasers, leaving the damaged establishments with a claim to Reparation in the same way as all other British claimants.

51943-19.

5th December 1919.

SIR,

I am directed by the Lords Commissioners of His Majesty's Treasury to refer to Clause 2 of Annex: 4 of the Reparation Section of the Treaty of Peace with

Germany under which the Allied and Associated Governments may file with the Reparation Commission lists showing :—

(*a*) Animals, machinery, equipment, tools and like articles of a commercial character, which have been seized, consumed or destroyed by Germany or destroyed in direct consequence of military operations, and which such Governments, for the purpose of meeting immediate and urgent needs, desire to have replaced by animals and articles of the same nature which are in being in German territory at the date of the coming into force of the Present Treaty.

(*b*) Reconstruction materials (stones, bricks, refractory bricks, tiles, wood, window-glass, steel, lime, cement, etc.), machinery, heating apparatus, furniture and like articles of a commercial character which the said Government desire to have produced and manufactured in Germany and delivered to them to permit of the restoration of the invaded areas.

Clause 3 of the Annex : provides that the lists relating to the articles mentioned in (*a*), shall be filed within 60 days after the coming into force of the present Treaty and that the lists relating to articles in (*b*) shall be filed before December 31st, 1919. I am to enquire whether any claims have in fact been received from British subjects having property of the nature in question in parts of Belgium and France occupied by Germany, in respect of a claim which might be made under the above mentioned Clause. If so I am to suggest that it will be necessary to give preference to such claims in the preparation of the claims to be made under the Clauses of Annex: 1 of the Reparation Section of the Treaty for which the Board of Trade have undertaken responsibility.

I am,

SIR,

Your obedient Servant,

(Sd.) B. P. BLACKETT

The Secretary,

Board of Trade.

Copy.

Victoria 98(

BOARD OF TRA

E.-38839.

GREAT GEORGE STREET,

WESTMINSTER,

LONDON, S. W. 1;

13th December 1919.

SIR,

I am directed by the Board of Trade to refer to your letter No. 51943 of the 5th December with regard to the provisions of paragraph 2 of Annex : 4 of the Reparation Clauses of the Treaty of Peace with Germany, and in reply, I am to state that as regards sub-paragraph (*b*), it does not appear to them that any claim can properly be put forward by the British Government. The Board, however, are communicating with the British Delegate to the Reparation Commission with a view to obtaining an assurance if possible from the French and Belgium Governments that establishments in the invaded areas belonging to British nationals or in which they have a predominant interest shall receive equal treatment with establishments belonging to French nationals in respect of any goods obtained under the sub-paragraph for the restoration of these areas.

As regards sub-paragraph (*a*), the Board will cause an examination to be made of the claims filed with the Foreign Claims Office, and if necessary will take steps to put forward a list to the Reparation Commission.

have the honour to be

SIR,

Your obedient Servant,

d.) H. A. PAYNE.

The Secretary,

Treasury. S. W. 1.

Reference No. E.-38839.

IMMEDIATE.

BOARD OF TRADE

GREAT GEORGE STREET,

19th December 1919.

SIR,

With reference to the letter addressed to you by this Department on the 13th December with regard to paragraph 2 of Annex: 4 of the Reparation Clauses of the Treaty of Peace with Germany, I am directed by the Board of Trade to transmit herewith for the information of the Lords Commissioners of His Majesty's Treasury, copy of a letter which has been received from the British Secretary to the Reparation Commission.

I am to state that the Board's intention was that the amount credited to Germany in respect of the goods apportioned to British establishments under Sub-paragraph (*b*) of paragraph 2 should be debited against the British Reparation account.

So far as the Board are aware, it will not be possible in the near future to forecast what proportion of their admitted claims will be received by British subjects generally, but it appears to them that any goods received under the sub-paragraph for the reconstruction of an establishment will only amount to a proportion, and in most cases, a small proportion of the total claim in respect of the establishment. Account would, of course, be taken of the value of such goods in connection with the further claim for compensation, which would, no doubt, be filed in this country in respect of the establishment.

The Board would be glad if they could be favoured at an early date with the views of Their Lordships upon this matter.

I have the honour to be,

SIR,

Your obedient Servant,

(Sd.) H. A. PAYNE.

The Secretary,

Treasury, S. W. 1.

BOARD OF TRADE,

GREAT GEORGE STREET, S.W. 1,

12th December 1919.

DEAR MCFADYEAN

As you may be aware, the Board of Trade have at the request of the Treasury taken over the task of preparing the miscellaneous civilian claims for reparation under the Treaties of Peace.

Their attention has been drawn by the Treasury in this connection to the rights conferred by paragraph 2 of Annex: 4 to the Reparation clauses of the German Treaty. With regard to sub-paragraph (*b*) of this paragraph, it does not appear to us that this is a case in which any lists should be put forward by the British Government. The Board think it desirable, however, that an assurance should if possible be obtained from the French and Belgian Government that establishments in the invaded areas belonging to British nationals or in which they have a predominant interest shall receive equal treatment with establishments belonging to French nationals in respect of any goods obtained under the sub-paragraph for the restoration of these areas. I am instructed to enquire whether Sir John Bradbury would be good enough to take the necessary steps to this end either by bringing the matter up in the Reparation Commission or by approaching the French and Belgian Delegates directly.

As regards sub-paragraph (*a*) we are ascertaining whether any claims which would fall within this category have been made by British nationals, and if necessary we shall request Sir John Bradbury to put in a claim on behalf of the British Government.

I hope the method of procedure we are adopting in this case is satisfactory from your point of view; if not, perhaps you will let me know.

Yours sincerely,

(Sd.) D. J. HUTCHINSON.

BRITISH DELEGATION,
REPARATION COMMISSION,
26, RUE DE BASSANO,
PARIS,
17th December 1919.

DEAR HUTCHINSON,

I write in reply to your letter of the 12th instant. As regards your rights under paragraph (*a*), we await the result of investigations which you are making, though, having regard to the proportion between losses of French subjects and losses of British subjects in invaded territory, and to the proportion between these losses and the amount which can be obtained from the Germans under paragraph (*a*), it seems to me to be exceedingly doubtful whether any British demand could be justified.

As regards sub-paragraph (*b*), before any action is taken by Sir John Bradbury he would like the Board of Trade to consider the following questions: —

1. Is it suggested by the Board that the French should treat the British subject in France as if he were a French subject? If so, correspondence which took place between the Foreign Office, the Board of Trade and the Treasury before I left London indicated with sufficient plainness that the French were not likely to accept such a proposal.
2. Is it rather intended that the French Government will assure the British Government that British subjects in France will receive a proportionate share of any materials which are furnished, the appropriate credit to Germany being debited against the British Government?
3. If so, have you discussed the question with the Treasury, and arranged the terms upon which the British subject shall receive his share of the materials?

He must obviously be treated, unless the Treasury otherwise directs on grounds of policy, on exactly the same principles as a private claimant for reparation under any other category.

4. Is not this a matter for arrangement between the two Governments as such, and not for discussion at the Reparation Commission?

Yours Sincerely,

d.) A. McFADYEAN.

BOARD OF TRADE,
GREAT GEORGE STREET, S.W. 1,
19th December 1919

DEAR MCFADYEAN,

Thank you for your letter of the 17th instant, with regard to claims unde paragraph 2 of Annex : 4.

Our intention was that the value of anything received by British establish ments under sub-paragraph (*b*) should be debited against the British Reparatio account.

We are communicating with the Treasury in regard to the point put b you in question 3. As regards your last point, it seemed to us that this was matter which might be regarded as not outside the scope of the British Delegate and it would obviously be very convenient if he could take the matter up wit his colleagues. If, however, Sir John Bradbury does not feel that it is a matte he can properly take up, we will, of course, proceed through the diplomati channels.

Yours sincerely,
(Sd.) D. J. HUTCHINSON.

A. McFadyean, Esq.,
British Delegation,
due de Bassano,
Pari

Enclosure No. 9.

L. R. C. 10.

The Reparation Claim of the Sultan of Lahej.

This ruler claims to have suffered loss amounting to 46½ lakhs rupees i consequence of the occupation of his territory by Turkey and has given detail of his claims. His Majesty's Government proposed to submit his claim to th Reparation Commission provided that he can be regarded as a British Nationa within the meaning of Article 322 of the Treaty. The exact status of the Sultan is described in a letter from Mr. Montague Shearman of which a copy is attached.

160901-M.-E.-44.

FOREIGN OFFICE,
WHITEHALL, S.W.,
January 3rd, 1920.

DEAR WALLEY,

In reply to your letter to Hurst, of the 10th December, I send you the follow ing observation, for your information.

The Sultan of Lahej, although an independent ruler, is a stipendiary of the British Government (he is also K.C.I.E.) and his territory is by Treaty under British protection.

The various Treaty engagements between the British Government and the Abdali (Lahej) will be found in Volume XIII of Aitchison's Treaties.

On March 9th, 1914, a Convention was concluded between Great Britain and Turkey (the ratifications of which were exchanged on June 3rd, 1914) respecting the boundaries of Aden and of Ottoman territory in South Arabia. This delimitation was undertaken to prevent Turkish encroachment on the nine cantons of the Arab tribes under British protection and seems to establish as a fact that the British Protectorate is real rather than informal.

With reference to the point whether the Sultan of Lahej and the members of his tribe may be regarded as British nationals, it seems to me that their position in this matter does not differ materially from that of the tribes of the Hadramaut coast who have entered into Protectorate agreements with the British Government. In the case of these latter, the right of natives of Shehr and Mokalla to be registered when abroad, a British protected persons has been recognised on various occasions.

Yours sincerely,

(Sd.) MONTAGUE SHEARMAN.

S. D. Walley, Esq.,

Treasury.

Enclosure No. 10.

L. R. C. 11.

Reparation Claims falling to be dealt with by the Board of Trade.

In order to deal with the claims already lodged at the Foreign Office in respect of loss and damage suffered at the hands of Enemy States during the war, and which are to be transferred to the Board of Trade, it will be necesary to lay down a number of principles. Questions of principle will no doubt continue to arise as the nature and scope of the claims are examined in detail.

It is believed that something like 50,000 reparation claims against Germany and other enemy countries in the categories assigned to the Board of Trade have already been lodged and probably many more will be received.

Decisions are desired upon the following questions :—

(1) It is understood to be proposed that the claims of India and the Dominions should be presented by the Dominions and India to the Reparation Commission.

A large number of Colonial claims have been received by the Foreign Office, some sent in direct and others forwarded by the Agent General of the Colonies.

Two questions arise :—

(*i*) The procedure in the case of claims from the Dominions and India ;

(*ii*) The procedure in the case of other Colonial claims. Should they be examined in the Colonies or at home, and by whom should they be presented to the Reparation Commission.

(2) It is understood that the Foreign Office have a branch office in Brussels where a large number of claims for reparation by British subjects resident in Belgium have been received. The claims received include claims in respect of :—

(*a*) Destruction and depreciation of house property.

(*b*) Destruction and depreciation of furniture and effects

(*c*) Bank balances transferred to Germany.

(*d*) Loss of shares and securities deposited in banks.

(*e*) Goods requisitioned.

(*f*) Businesses liquidated.

(*g*) Removal of machinery and destruction of factories.

(*h*) Rent due by claimants for property, enjoyment of which they were deprived of.

(*i*) Loss of profit in business.

(*j*) Injury to business

Are these claims to be dealt with by the Board of Trade ?

(3) Claims by persons resident in Belgium include claims in respect of destruction of business, diminution of business, destruction of goodwill, cash in banks and securities taken away, loss of wages, etc.

These claims apparently do not come within the Economic Clauses, and they do not appear to come within Annex 1 of Section 1 of Part VIII. But they come within the terms of Article 232 unless the words " and in general all damage as defined in Annex I hereto " are words of limitation and not of inclusion.

In view of the above and of the probable inadmissibility of some claims it would be well to have the scope of 231 and 232 defined as early as possible.

Claims in respect of cash and securities appear to be provided for by Article 238.

(4) There appear to be some claims in respect of property confiscated in Germany either for compensation or for return of specific articles. These seem to be the sort of cases contemplated by the Economic Clauses. But Articles 231, 232 and 238 are wide enough in their terms to cover these cases and it would be desirable to know how these cases should be dealt with.

Further, in some of these cases the claimants might now be desirous of restitution of articles and it is a question whether the claimants' attention should not be called to the possibility of restitution if such a remedy is available.

(5) The proclamation, dated 7th September 1916, requires claims against enemy Governments to be made in such form and with such particulars as the Directors of the Foreign Claims Office may require. In many cases, *e.g.*, loss of personal efforts at sea, each claim was required to be verified by Statutory Declaration. In other cases, *e.g.*, interned civilians and in cases of personal injury where a doctor's certificate was required, a Statutory Declaration was not asked for. Verification of details of a claim by a Statutory Declaration appears to be a suitable and valuable practice and the questions arise whether —

(*i*) A Statutory Declaration can be required.

(*ii*) Whether such a Declaration should be required in every or in some and what classes of cases.

A further question arises as to how far, if at all, the Board can require corroboration of the particulars in what may appear to be an inflated claim.

(6) How is damage due to the loss of a life or personal injury to be arrived at ?

The loss suffered by dependents would appear to be a commercial question depending upon the actual monetary value of the life or undiminished vigour to the dependents.

(7) Many claims have been received under Category (3) in respect of injury to health. Probably in these cases a doctor's certificate should be required. But some general principles upon which to assess the damage in these cases appear to be desirable.

(8) Are claims to be made in respect of property insured against war risks, *e.g.*, a factory destroyed by air raid ? In such a case the owner of property will have been compensated under his insurance policy. The insurer will have made his profits out of the business of insuring but the loss of the factory is a loss to the community and the nation, for which the enemy ought to pay, and in respect of which compensation ought to be recovered. If this view is correct who should make the claim and in what manner should it be presented ?

(9) There is reason to suppose that there are many persons entitled to relief under the Reparation Clauses who have not sent in claims and that many persons entitled to claim are in ignorance of the Reparation Clauses and the rights arising under them.

It is a question therefore whether public attention should not be directed to the rights arising under these clauses by advertisement or proclamation.

(10) Should some form of appeal be provided in case the claimant is dissatisfied with the decision of the Department upon his claim ?

(11) Will an Order in Council under the Treaty of Peace Act, 1919, be necessary to give the Board of Trade power to act ?

(12) In what form are the claims to be presented to the Reparation Commission ?

It is obvious that the Reparation Commission could not examine the particulars of each separate claim. It is also obvious that it would not be sufficient to send in a lump sum either in respect of the total claim or of the total of claims under the different heads.

It might, however, meet the case if a statement of claim were submitted, explaining the mode in which the total was arrived at, and containing the totals claimed under the several heads summed up into a grand total, and accompanied by two appendices, one being a list under appropriate heads of the individual claims, with the nature of the damage and the amount approved by the Board of Trade, the other containing a summary in each case of particulars respecting the claimant, the nature of the injury or damage, and the amount claimed.

Appendix I would give the Commission an outline of each case, and if any claim or class of claim were challenged Appendix II would afford detailed particulars.

This question would no doubt have to be considered in conjunction with the War Office and the Admiralty.

Enclosure No. 11. L. R. C. 12.

Ministry of Shipping section of the British Reparation Claim.

MEMORANDUM I:—PRELIMINARY.

1. The Ministry of Shipping is responsible for the preparation of the British claim for reparation which is to be made under Part VIII, Article 232, Annex I of the Peace Treaty in respect of Vessels and Cargoes lost or damaged.

2. Part VIII, Article 232, of the Peace Treaty runs as follows :—

" The Allied and Associated Government recognise that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present Treaty, to make complete reparation for all such loss and damage.

The Allied and Associated Government, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in Annex I hereto."

Annex I is as follows

" Compensation may be claimed from Germany under Article 232 above in respect of the total damage under the following categories :—

(9) Damage in respect of all property wherever situated belonging to any of the Allied or Associated States or their nationals, with the exception of naval and military work or materials, which has been carried off, seized, injured or destroyed by the acts of Germany or her allies on land, on sea, or from the air, or damaged directly in consequence of hostilities or of any operations of war."

3. The work of the preparation of the claim has been divided into sections, and it is proposed to submit the following Memorandum relating to the sections :-

Memorandum Number :—

I. Preliminary i.e., this Memorandum.

II. Vessels (other than Fishing) Lost and Damaged.—Basis for compilation of British reparation claim.

III. Cargoes Lost and damaged.—Basis for compilation of British reparation claim.

Memoranda II and III will each be prepared in two or more sections. The first section of each will deal with the main principles affecting the claims for losses. The remaining sections will deal with the application of these principles to claims for damaged cargoes and vessels. They will also deal with further general principles affecting other matters of a subsidiary nature.

IV. Method of Procedure.—Statement in regard to the preparation of the claim in respect of lost and damaged cargoes.

V. Fishing Vessels, their Cargoes and effects lost and damaged.—Basis of compilation of British reparation claim.

This Memorandum will be prepared by the Ministry of Shipping in conjunction with the Board of Agriculture, Scottish Board of Fisheries and the Irish Department of Agriculture and Technical Instruction.

VI. Inland Water Craft.—Basis of compilation of British reparation claim.

VII. Claims by British Nationals on the British Government.—Principles for dealing with claims in respect of property lost or damaged in consequence of hostilities.

4. The wording of the Treaty quoted above does not give any very close indication of what is to be regarded as covered by the word "Damage" and, apparently deliberately leaves it to the Reparation Commission to decide whether a narrow or a broad interpretation shall be allowed.

It is accordingly necessary to agree upon the interpretation to be placed on the paragraph, and for this purpose certain principles have first to be settled.

It is assumed that Annex 1 is a carefully worked schedule of the claims which the Germans accept a liability to meet and that it is not open to the allies by straining the wording of particular clauses to drag in the whole cost of the war and thereby render nugatory the safeguards which the Annex as a whole appears to afford to the enemy.

On the other hand the spirit of Article 232 and Annex 1 obviously contemplates that the claim which the Allies are at liberty to make shall be based on the real damage which the allied nation suffered. In the case of Clause (9) of Annex 1 the national loss in relation to Germany transcends but includes the sum total of the separate losses which certain individuals of the nation have suffered, which losses have necessarily been estimated during the war, not in relation to Germany, but in relation to each other and to the Allied Government.

5. As regards ships for example the British Government practically exercised a rigid control throughout the war over part and during a part of the war over the whole of its mercantile marine. In effect the state appropriated for the duration of the war part of the private property of its individual shipowners and only admitted a claim by the owner to compensation in respect of the unappropriated portion of his property. As between the British nation and Germany there is clearly an equitable claim to compensation in respect of the damage to the whole property.

6. The case is very similar in regard to many commodities lost with the ships. Iron ore for example was for a long period fully controlled by the Government and sold to consumers in this country at prices far below the real cost. In estimating therefore the amount of the damage sustained by reasons of the loss of a particular ore cargo account has to be taken not merely of the money loss sustained by an individual receiver but of the total loss sustained by the Government.

While the total national claim expressed in commodities has obviously to be based on the sum of individual losses, this claim can only be equitably expressed in money after full allowance has been made for the foregoing considerations.

7. When a ship and its cargo are lost the nation loses :—

(1) the immediate service to the community which the ship and its cargo were about to perform fairly estimated probably by the cost of the ship *plus* the cost of the cargo to that point.

(2) the future services of the ship, the loss of which resulted in hardship to individuals and affected the supply of tonnage with widespread consequences.

(3) the industrial advantages which would have followed the arrival of the cargo. The loss in fact results in dislocation of industries in so far as it causes either a permanent shortage of the commodity or a permanently higher cost of replacement.

8. It is suggested that (2) is covered by the excess of the real market value of the ship over the cost of the ship under (1) and that (3) is covered by the difference between the real market value of the commodity in the country and the cost under (1).

The difficulty in many cases is to arrive at the real market value but if we can get a fair approximation to this real market value we shall have covered equitably the claim which can be made against the Germans.

9. As will be seen from the extract of Article 232 quoted in paragraph 2 above, the damage in respect of which claims can be made by the Allied and Associated Governments is restricted to damage in respect to property " during the period of the belligerency of each as an Allied or Associated Power against Germany ". It is, therefore, proposed that this paragraph should be regarded as definitely excluding any damage suffered by any of the Allied or Associated Powers prior to their entry into the war.

On the other hand, in view of the wording of paragraph (9) of Annex I quoted in (2) above, the claims may include all damage sustained " directly in consequence of hostilities or of any operations of war " between the date of the Armistice and the coming into force of the Peace Treaty.

10. In accordance with Articles 235, 237, and paragraph 12 (*c*) of Annex II it is assumed that property transferred and payments made by Germany are on account of the total amounts to be paid in satisfaction of the claim for compensation under Annex I. It is therefore assumed that the claim under Annex I is to be a total claim for losses and not a claim for the balance of losses after allowing for the tonnage replaced under Annex III.

11. The claim under Annex I will include compensation for damage done to all property which belonged to the Allies at the time when damaged. Under Article 237 Germany will be credited with the value of all vessels the title to which is handed over to the Allies under Annex III.

12. In Annex III of the Treaty, the German liabilities are liabilities for reparation in actual ships, are clearly defined, and are therefore unaffected by the amount of the claims submitted by the Allied and Associated Governments. The question, therefore, of the Allied claims to be made for restitution under Annex III is a matter in which the Germans are not interested. It is only a question of deciding between the Allies on the basis of those claims what is a fair distribution of the ships which are handed over.

As regards Annex I, however, the amount of the claims submitted by the Allied and Associated Governments for the monetary value of their losses at sea, is a matter with which the Germans are definitely concerned as their liability in respect of such claims is not already fixed by the Treaty.

It will be seen, therefore, that principles which govern the claims under Annex I need not necessarily govern the claims submitted in respect of Annex III.

It will, however, be desirable to have regard to the principles discussed in connection with either Annex. when any possibility of relationship exists between the two.

13. Before it is possible to prepare the claim in respect of damage to, and losses of, cargoes and vessels under Annex. I, it is necessary to define what losses are to be included. In this connection, the following points require consideration :—

(*a*) When a vessel is condemned as prize under International Law, the property passes entirely to the capturers. Detained vessels, however, remain the property of the nation originally owning them. Compensation will, accordingly be claimed for lost or damage prizes but detained vessels are not allied property, and accordingly no claim will be made in respect of any such vessel lost or damaged.

14. (*b*) *Should indirect War Losses be included in the British Claim under Annexure I* ?—Indirect losses may be taken to cover those losses coming under the heading of Marine Risks due to war conditions.

The following are some examples of such indirect losses :—

1. Collision arising from the absence of navigation lights.
2. Collision in convoy arising from the absence or dimming of navigation lights.
3. Strandings arising from the absence of shore lights where evidence was produced that the master had taken other precautions, such as the use of lead.
4. Strandings in avoiding submarine
5. Strandings from the weather or currents in unsafe anchorage necessitated for use by war conditions.

15. Indirect war losses amounting to about 200,000 gross tons of British vessels with their cargoes have for insurance purposes been treated by the British Government as marine losses. These losses represents a value of, say, twenty to thirty million pounds.

Italy, Belgium and Brazil appear to be taking steps to include such losses in their claims ; France and the United States of America are not including them and particulars of losses have not yet been received from Japan.

Under the Time Charter governing the relationship between the British Government and the owners of British requisitioned ships, the clause in regard to War Risks damage is as follows :—

" The risks of war which are taken by the Admiralty are those risks which would be excluded from an ordinary English policy of marine insurance by the following, or similar, but not more extensive clause :—

Warranted free of capture, seizure and detention and the consequences thereof, or of any attempt thereat, piracy excepted, and also from all consequences of hostilities or warlike operations, whether before or after declaration of war. Such risks are taken by the Admiralty on the ascertained value of the steamer, if she be totally lost, at the time of such loss, or if she be injured, on the ascertained value of such injury :"

16. This clause may be compared with paragraph (9) of Annex. I quoted above " which has been carried of, seized, injured or destroyed by the Acts of Germany or her Allies.... or damage directly in consequence of hostilities or of any operations of war."

17. The question how far it is desirable to press for the inclusion of these losses must no doubt be considered from the point of view of general policy in regard to the British Government's claim as a whole. If, however, it is the intention that the British claim should be strictly confined to those cases in which it is clear that a claim can be thoroughly substantiated to the exclusion of all cases which are of doubtful character, the decision of the British Government, quoted above, to treat

these types of cases as Marine Risk, makes it very difficult to take a different course *vis a vis* the Germans. It is to be noted however that the British losses are considerable.

18. (*c*) *Should losses of missing vessels and cargoes carried be included in the British claim under Annex. I* ?—Generally speaking it may be said that as the result of arbitration or arrangement such losses of vessels have been paid for partly by Marine Risk underwriters and partly by war risk Association. The claim might reasonably include the percentage of the loss paid for by the War Risk Associations. It is, however, necessary to consider the extent to which such action might establish a principle which it is undesirable to apply to other claims under Annex. I.

19. (*d*) *Armed Merchant Cruisers.*—200,000 tons gross, mainly of passenger steamers, were sunk during the war, representating a value of 10 to 20 million pounds, and the question arises whether such vessels should be regarded as Naval and Military material.

With the exception of 33,000 tons which were purchased from the Owners by the Admiralty, these vessels continue to be owned by private individuals and were never removed from the British Register.

The only countries beside Great Britain which used merchant vessels in this way were France and Italy, both of which have included their losses in their claim under Annex. III, and no reason is seen for not including them in the national claims under that annex.

In considering the claim under Annex. I it is possible to maintain that, as hire continued to be paid to the private owners, the vessels were substantially civilian property and might properly be excluded from the category of Naval and Military material.

On the other hand, they were heavily armed and engaged in the same offensive operations as the ships of the Royal Navy.

20. It is thought on the whole that before coming to a decision on this point, the effects of such a decision on the question of the inclusion or otherwise of claims in respect of railway material, motor cars, etc., in the theatres of War must be considered. The Armed Merchant Cruisers were towards the end of the war used for convoy work and carried commercial cargoes. Losses in these circumstances might perhaps receive special consideration.

21. In view of the decreased purchasing power of money it is evident that compensation for damage done measured in terms of money at a time approximating to the date when the direct damage was experienced would only be adequate if made as at that time. Relatively decreased purchasing power of money or depreciation of currency measured by the relation of the exchanges as between the Allies gives no guide to the actual depreciation which has been experienced. The depreciation of sterling in relation to the dollar indicates only a part of the depreciation of the sterling since the purchasing power of the dollar itself has undoubtedly decreased.

This factor is not peculiar to Shipping but applies equally to all loss or damage, and it is therefore considered that the claim for shipping losses should not include any allowance for depreciation of currency but should be prepared in such a manner that any adjustments decided on as a general principle can readily be made. It will then be open to the Reparation Commission to draw up, if thought desirable, a scale of adjustments to be applied to the values arrived at as representing the measure of loss or damage, at the time it was incurred.

22. Apart however from this adjustment necessary to arrive at the value of the loss expressed in present day values, since compensation for damage done was not made at the time when the damage was experienced it is evident that there has been a loss of the interest on the capital sum equivalent to the amount of the compensation which would have been adequate at the time of loss.

The question of the inclusion of interest in the claim depends on the principle adopted generally for the compilation of claims under Annex. I. If it is decided to include interest, an indication of the rate to be employed is desired

23. *Basis of division of claim between (a) Vessels and (b) Cargoes.*—Since the claim for shipping losses is to be made from a national and not an individual owner's point of view, it is only necessary to explore the owner's view point in order to determine what should be included in the reparation claim. The question of the owner's right to compensation is a matter between him and his Government and will be dealt with in Memorandum VII.

24. The claim to be prepared by the Ministry of Shipping must deal with the following main items :—

(*i*) Vessels and special fittings.

(*ii*) Cargo.

(*iii*) Freight.

(*i*) The value of the special fittings may readily be treated as an adjustment to the value of a vessel as ascertained upon the basis ultimately adopted.

(*ii*) and (*iii*). It is proposed that the freight shall be included in the value of the cargo : consequently in general there will be no separate claim for freight.

25. It may be held that in the case of a vessel sunk while proceeding in ballast to load cargo a claim is necessary in respect of voyage disbursements and anticipated freight in view of the fact that in these cases there will be neither cargo nor freight to include in the claim.

The proper method seems to be to include in the claim an item representing the insurances which a ship owner would take out in the ordinary course of business to cover these items. In other words there should be a claim for the hire of the vessel to the date of loss together with the voyage disbursements.

26. There will be a separation of interest as between ship and freight in cases where the vessel belongs to one flag and the cargo to another, or where the vessel is time-chartered to a flag other than that of the vessel. These cases will have to be considered on their merits if and when they are raised by one or other of our Allies. It should be noted that on the basis proposed the separate freight interest is not an additional item of claim but merely a transfer of claim from one interest to another.

27. Briefly it may be stated that examination of the position points to a division on the following basis.—

(*a*) *Vessels*—

Value of vessels fittings and stores lost.

Cost of repair for damaged vessels and fittings.

Lost services of detained and damaged vessels

Hire and Voyage Disbursements (in the case of vessels proceeding in ballast to load cargoes)

(*b*) *Cargoes*—

Value of cargoes lost.

Value of damage to cargoes.

Freight.

Two further papers are circulated for the Meeting of the London Reparation Committee on the 30th instant.

L. R. C. 13.—The Scope of Articles 231 and 232 (Board of Trade)

L. R. C. 14.—Foreign Seamen on British Ship

S. D. WALEY

Secretary to the Committee

Enclosure No. 12.

L. R. C. 13.

REPARATION.

Scope of Articles 231 and 232 and clause 9 of Annex. I.

It has already been pointed out that the words " all loss and damage " in Article 231, and " all damage done to the civilian population " are very wide unless limited by the words " and in general all damage so defined in Annex. I hereto." Assuming as is probably the case that the claims for Reparation must be limited to damage within Annex. I questions have arisen as to the interpretation of Clause 9.

The first question is what is " property." The term without qualification might include such things industrial property such as copyright or a patent, or rights under a contract such as a mortgage. It is submitted that these cannot come within clause 9 in view of the provisions of Articles 296, and 297 and 306.

Next it has been suggested that the last sentence of clause 9 should be read distributively and might include damage other than to property such as loss of salary or wages. It is submitted, however, that the damage contemplated by clause 9 is damage to property only.

Further a question has been raised as to the meaning of the word " directly " in clause 9. For instance lodging housekeeprs in East Coast towns have suffered heavily through visitors being frightened away by air raids and bombardments. It is submitted that " directly " means that the hostilities or operations of war must have been the cause causans of the damage and not merely the causa *sine qua non* and that damage of the kind indicated would not come within clause 9. But it must be borne in mind that the Reparation Commission shall have authority to interpret the provisions of the Treaty and is not to be bound by any particular code or rules of law but shall be guided by justice, equity and good faith. It is submitted that it would be advisable at an early stage to obtain a ruling from the Reparation Commission as to the scope of Articles 231, 232 and clause 9 of the Annex. It would appear also to be advisable to ascertain whether the Reparation Commission would be prepared to deal with damage in respect of loss of life on the basis of a flat rate, leaving the Government to settle with its own nationals. Such a method of procedure would greatly simplify the preparation of the claims for Reparation.

Enclosure No. 13.

L. R. C. 14.

FOREIGNERS ON BRITISH SHIPS.

The following question which has arisen in the Foreign Claims Office is submitted for consideration by Lord Sumner's Committee.

Among the sailors serving on board the S. S. " Tarquah " which was torpedoed on June 7th, 1917, was one of Spanish nationality. He served in the capacity of a steward. He lost all his effects and now claims £80.

The question is whether a claim on behalf of a foreign sailor serving on board a British ship can be laid before the Reparation Commission by His Majesty's Government.

Article 232 of the German Treaty says that Germany will " make compensation for all damage done to 'the *civilian population* of the Allied and Associated Powers and to their property . . . . . by such aggression by land, by sea and from the air and in general all damage as defined in Annex I. hereto." There is nothing in this language which excludes a claim on behalf of a foreigner if he is a member of the civilian population. The words ' civilian population ' are inappropriate so far as concerns damage by sea but suggest the right to claim on behalf of the civilian members of the crew. Neither paragraphs 1, 2 or 3 of Annex. I limit the right to claim to nationals but on the other hand paragraph 9, the paragraph covering all property claims, is limited to nationalis of the Allied and Associated States

The usual rule with regard to claims put forward through the diplomatic channel is to limit them to those on behalf of nationals of the Government making the claim.

(Sd.) C. J. B. HURST

13th November 1919.

NOTE.—The Compensation Schemes administered by the Board of Trade made no distinction between British and foreign subjects. If a foreigner was serving as an officer or seaman on a British merchant ship, he, or his dependants are entitled to the benefits of the Compensation Scheme for loss of life or personal injury and he would also be entitled to receive compensation in respect of the loss of his effects. The Scheme was based on nationality of ship and compensation has not been granted in any case in which a British seaman was killed or injured while serving on a foreign ship.

The total number of officers and seamen of British ships who lost their lives owing to warlike operations is in round figures 16,000, and as a rough preliminary estimate not less than 10 per cent. of these would be persons of foreign nationality. Put the figure for the moment at 2,000.

The following further papers are circulated for the meeting of the London Reparation Committee on the 30th instant.

L. R. C. 15. Cargoes Lost and damaged, Basis of Compilation.

L. R. C. 16. Cargoes Lost and Method of procedure.

L. R. C. 17. Further Memorandum by War Office and Admiralty.

Please note paper L. R. C. 6 (Admiralty Memorandum) is for decision and not for information as previously stated.

S. D. WALEY, *Secretary*

28th January 1920.

Enclosure No. 14.

L. R. C. 15.

MEMORANDUM III.

Cargoes lost and damaged. Basis of compilation of British Reparation Claim.

1. This Memorandum sets out the main pinciples affecting the claim for lost and damaged cargoes which, as indicated in Preliminary Memorandum I, paragraph 24, will include freight. After careful consideration of the difficulties involved as far as possible an indication is given of the methods which commend themselves for adoption.

2. The main questions requiring settlement may be grouped under two main headings and summarized as follows: —

A.—*Selection of Cargoes for which claim is to be made.*

(*i*) What is to be the criterion of nationality of Cargoes lost ?

(*ii*) What is to be the criterion for eliminating naval and military materials ?

B.—*Principles of valuation for purposes of the cargoes claim.*

(*i*) To what date is the valuation to refer ?

(*ii*) On what basis are lost cargoes to be valued ?

A.—*Selection of Cargoes for which claim is to be made.*

What is to be the criterion of nationality of cargoes lost ?—The criterion may be based on one of three main principles: —

(*a*) The British national claim to include the value of all goods lost which at the time of loss were actually owned by British nationals.

(*b*) The British National claim to include the value of all goods lost which at the time of loss were owned by British nationals, except that in cases where the property in any cargo has since passed to an underwriter by abandonment the claim to be made by the country to

which that underwriter belongs. British Underwriters have paid claims for goods which were insured with them and lost while in the ownership of an allied national. In such cases by the subsequent abandonment the property passes to the Underwriter.

(*c*) The British national claim to include the value of all goods, the loss of which resulted in a loss to the national, *i.e.*, as the consumers.

4. Method (*a*) has the advantage that it is the most obvious and apparently the most reasonable interpretation of the wording of the Peace Treaty since under paragraph 9, Annex I, a claim is to be based on loss arising out of damage to Allied property. This method would also probably be readily accepted by our Allies.

The main objection to this method is that the owner of the cargo usually does not actually suffer a loss. Through the medium of insurance he protects himself and passes on the loss to the consumer by making an extra charge for those cargoes which arrive safely. If the consumer is of the same nationality as the owner, the method does not lead to an inequitable claim, if, however, the consumer is of a different nationality, the method gives rise to anomalies. It may also be pointed out that if by reason of commercial practice the ownership of imports generally did not pass to individuals in the importing country until arrival, it becomes at once apparent that the claim would materially understate the true loss in respect of imports. The converse holds in the case of exports.

5. Method (*b*) is a variation of method (*a*) which only arises where by abandonment property has passed to under-writers. However, this may be it might be argued that even in this case the cargo at the time of loss belonged to the owner and only passed to the Underwriter by the act of abandonment after the loss. Further than this it is extremely doubtful whether any claims by an individual could be substantiated against any sum recovered by the Allies in respect of a particular loss and in these circumstances it may be thought unnecessary to consider the question of subrogation.

On broader grounds it cannot be said that the nation of the under-writer suffered loss because of the fact that the under-writer insured the goods. On the contrary, such transactions resulted in considerable profit. It is therefore felt to be quite inequitable to prepare a claim on this basis, and it must be borne in mind that in view of the considerable amount of French and Italian cargoes insured with British Under-writers France and Italy would probably never agree to establish such a principle.

6. Under Method (*c*) the value of all goods lost on passage to the consumers in a particular country would be included in the national claim made by that country.

As pointed out above the real loss is normally borne by the consumer.

Special consideration is necessary where, owing to the imposition of import restrictions, the import of the article ceased after the loss, so that it was not possible to charge for the loss in further supplies. Even in that case, however, it may be argued that the importers as a whole pay the loss, since though the loss may not be recoverable by the exporter from the same class of goods it would affect the prices charged for other goods.

Briefly, the claim should include all cargoes lost on the inward voyage and exclude cargoes lost on the outward voyage.

7. Strictly according to the wording of Annex I of Part VIII of the Peace Treaty the total Allied claims should be confined to property belonging to the Allies, hence it may be necessary to find some means of adjusting for, *e.g.*, goods lost on the way to this country prior to America's entry into the war which were actually in American ownership at the time of loss. The method as defined above would necessitate special treatment of goods which were in the ownership of the Allies but which were lost on the way to neutral countries. Such an adjustment could, however, no doubt be justified on the ground that in the case of neutral countries the consumers' interests were able to be better protected than in the case of the Allies.

8. The main difficulty which may be experienced in adopting the principle of this method is that it is hardly likely to prove acceptable to America, the bulk of whose war trade was exports. Apart from her apparent right to claim on the basis of ownership she might have an equitable claim on the ground of sacrifice, *e.g.*, in the case of oil cargoes for the Allies sunk by submarine action these had to be replaced by the American people going short. This would, however, involve raising other questions of sacrifices made by particular Allies during the war, and it is considered that it should be left to the Americans to establish their claim to damage in those cases in which they may consider they have a right to do so.

9. It must be recognised also that certain adjustments will be required in the case of goods which were known to be intended for re-export, or where the goods though consigned to the country of a particular Ally were intended for the use of the nationals of another, *e.g.* bunkers, for bunkering stations.

10. In view of the considerations outlined above it is proposed to base the British claim on method (*c*) which will probably be acceptable to France and Italy though possibly not so acceptable to America and Japan. It is considered that the arguments in its favour as equitably settling the question of real loss are too strong to be disregarded.

11. *What is the criterion for eliminating naval and military materials.*—It is difficult to establish a single guiding principle for determining what are to be regarded as naval and military materials.

As indicated in paragraph 4 of the Preliminary Memorandum I it is considered that it was intended that a narrow interpretation should be applied to Annex I. of the Peace Treaty, and that the words of paragraph (9) with the exception of naval and military works or materials should be construed as limiting the goods to be excluded to those which could be directly regarded as naval and military materials.

12. In the first case it is possible to eliminate certain articles and material which had reached such a stage of manufacture as clearly to limit their economic use to naval and military purposes, *e.g.*, shells, forgings for shells, etc. It is proposed to compile a list of such articles with the view to reaching agreement with our Allies on the articles which are to be regarded as naval and military material as directly determined by their nature.

13. On the other hand considerable quantities of raw and partially manufactured goods were lost which corresponded to goods which to a large extent were used for naval and military purposes but which were by no means solely confined to such uses, *e.g.*, iron ore, coal, nitrate, tinned beef and food packed for army rations, etc.

Iron ore, coal and nitrate were largely used for commercial purposes or for purposes which only contributed indirectly to naval and military operations. Tinned beef, etc., although perhaps intended for the use of the Forces, was by no means confined to such uses. Such supplies were often furnished to the population of liberated territories. In the circumstances it is considered that material of this nature can only be regarded directly as naval and military if it had in fact been shipped for direct supply to the Forces, *e.g.*, coal shipped to the Grand Fleet, tinned beef, etc., directly consigned to theatres of war for the use of the Forces.

14. The theory may be advanced that goods carried on a commissioned vessel should be regarded as naval or military material. For example, Armed Escort Ships were commissioned and were extra heavily armed for defensive purposes in order that on voyages when they were carrying ordinary commericial cargo they could also afford protection to the convoy with which they were sailing. It is submitted that the arming of the vessel could not transform cargo intended for peaceful purposes into war material, and that the status of a vessel accordingly should not form a basis for determining the status of the cargo.

B. Principles of valuation for purposes of the cargoes claim.

(i) To what date is the valuation to refer ?

15. It is considered that for the purposes of the claim to be made by the Ministry of Shipping, valuation as at the date of loss would provide the most suitable basis and that the claim should be prepared in such a form that any adjustment recommended for depreciation of currency could readily be made.

(*vi*) The various sections of the Ministry of Shipping which have directed the operations of requisitioned vessels in most cases are able to give particulars of description and quantity in the case of bulk and general cargoes with a limited number of consignments. So far as Government owned goods are concerned this information will confirm that furnished by Government Departments, but additional information will be obtained which will assist in the preparation of the Reparation claim.

(*vii*) British Shipowners' statements for individual British vessels giving a brief description and an estimate of value of cargo lost, excluding Government owned cargo, are available.

For the first two and a half years of the War this material was collected by one of the War Risks Associations, but although it was collected immediately following each loss it is not complete. For later periods a circular letter was sent to shipowners last autumn and in a large number of cases replies have been received which will go a long way towards giving information comparative to that obtained for the first 2½ years.

The shipowners' replies have afforded a useful basis for a review of the information available from various sources, and it is evident that so far as British vessels are concerned particulars of cargo should be readily obtained for about 75 per cent of the vessels lost. It is not clear, however, that it will be possible to determine ownership in every case.

(*viii*) A considerable body of additional information will be obtained from Customs Records, Ships' Manifests, Underwriters, Insurance Companies, etc. In view of the records now available much of this general information will be unnecessary, but steps will be taken to make full use of these sources in cases where the records described in (*i*) to (*vii*) above are insufficient to afford a satisfactory basis for the Reparation claims.

3. *Treatment of Data.*—(*a*) The principle to be employed in the compilation of the data is to collect all information relating to cargoes lost or damaged separately for each vessel, sub-dividing according to ownership if necessary where more than one national is concerned.

The basis to be employed will be a complete record of all British and foreign vessels lost or damaged showing voyage, date of loss, etc. Information under (*i*) to (*vii*) above will be recorded for each vessel, and where necessary steps will be taken to secure additional information as described in (*viii*) above.

It will be appreciated that this method will not only afford a satisfactory basis for the British claims but will result in the collection of a considerable amount of material which will assist in the examination of claims put forward by our Allies.

(*b*) Preliminary investigations of the data under (*i*) to (*vii*) above are in hand. It is anticipated that so far as bulk and general cargoes with a limited number of consignments are concerned it will be possible to obtain a complete record of description, quantity and possibly C. I. F., F. O. B. or insured value. The values to be employed will not necessarily correspond to the values at present recorded but will depend on the decisions made on the questions arising under "Principles of valuation for purposes of the cargoes claim" which are discussed in Memorandum III.

Miscellaneous general cargoes for which claims have to be made present rather a special problem. Even after full investigation it is hardly likely that records of complete cargoes of vessels will be obtained. So far as records are available these will show description, quantity in terms of cases, packages, casks, bales, bags, coils, etc., and value, which will generally be an insured value. From these records it will be necessary to compile the value of the complete cargo, in accordance with the principles which it may be decided to follow (see Memorandum III). If it is decided that the reparation claim is to be on an ownership basis then in some cases considerable complications will be introduced in dividing the value of the cargo as between the nationals concerned because of the undoubted absence of information

4. The bulk of the material referred to above can be collected and collated in the space of three or four months, but final compilation of the Reparation claim for lost and damaged cargoes will depend on the facility with which essential agreement is reached with the Allies following the settlement of the main principles on which the claim is to be prepared.

5. *Stages at which it will be necessary to confer and secure agreement with our Allies.*—The principle of collecting all information available relating to lost cargoes, British or foreign, will make it possible to forecast the effect of proposals put forward for agreement with our Allies. The matters upon which it is apparent that agreement will be required are as follows :—

(*i*) Principles adopted by Great Britain as determining the basis of division of shipping losses between (*a*) vessels (*b*) cargoes.

(*ii*) Principle adopted by Great Britain as establishing the criterion of nationality of cargoes lost or damaged.

(*iii*) List of goods which are to be regarded as Naval and Military material and consequently excluded from the claim.

(*iv*) Scales of values to be adopted for bulk and limited general cargoes according to description of goods, in cases where free market values do not exist, *i.e.*, Government owned goods, or where the market value is abnormal and does not give a fair measure of the loss for the purpose of the claim.

(*v*) Values of complete miscellaneous general cargoes in cases where full information relating to the cargo does not exist.

(*vi*) Rate of interest to be employed in order to ascertain the capitalized value of the losses at the date when the claim is made.

The 24th January 1920.

Enclosure No. 16.

L. R. C. 17.

REPARATION.

Admiralty and War Office Memorandum.

Further questions arising out of Annex. 1, (Article 232), Peace Treaty.

Clauses 1 and 5.

These two clauses are taken together, as they involve a division of all service personnel into two classes—

(*a*) Naval and Military (Clause 5).

(*b*) Civilian (Clause 1).

As pointed out in the earlier Memoranda submitted by the Admiralty and War Office, there are certain classes of personnel employed by those Departments whose status as " Naval and Military " or as " Civilians " remains to be determined. The Committee, as reported in Treasury Letters of 11th December 1919 (Nos. 52440 and 52442) to the Admiralty and War Office respectively, desire some further information as to these classes before coming to a decision.

The personnel of doubtful status are shewn in Schedules attached hereto with particulars of terms of service, etc.

In deciding whether these classes should be classified as " civilians " or " Naval and Military " the criterion should, it is suggested, be that of general status and not liability or non-liability to fight. (The latter criterion would, *e.g.*, place the Medical Services in the Category of Civilians).

With regard to the decision of the Committee that claims under clause 1, are not to be limited to the amount of the departmental payments, a decision is desired as to whether any intimation is to be conveyed to the recipients that supplementary claims may be preferred and as to the machinery for dealing with such claims and the basis of assessment.

CLAUSES 2 AND 3.

No claim.

CAUSE 4.

This Clause is still under consideration at Admiralty and War Office, and further observations cannot be made at this stage.

CLAUSE 6.

The total charge on Government funds is being ascertained. Considerable claims have been made—

(*a*) by private individuals (including prisoners themselves).

(*b*) by voluntary organizations,

in respect of parcels of food and clothing sent to prisoners of war. These claims appear to be barred by the wording of clause 6, but the French, we understand, are preparing to claim amounts expended by Voluntary Organizations, and the French claim under this clause may be found to include such amounts.

A number of claims have been received by the Admiralty from men who were prisoners of war in respect of the expense to which they and their families were put in providing necessary food and clothing and the view appears to be entertained by these applicants that some compensation will be obtainable through the medium of the Peace Treaty. There is no provision for meeting such claims from public funds.

CLAUSE 7.—*Separation Allowances.*

The British claim is to be calculated—

(1) for each calendar year in which hostilities occurred,

(2) " on the basis of the average scale for such payments in force in France " during that year.

(2) raises the chief difficulties. The French system of Separation Allowance differs from the British in certain fundamental respects—

(*a*) French separation allowance is only paid to *needy* families of soldiers on a daily rate of pay (ranks up to but not including rank of sergeant); the British system has no " means " qualification.

(*b*) the French rates are uniform for different ranks, the British differ according to rank.

(*c*) In addition to separation allowance proper, the French have a dual system of " indemnites pour charges de famille," which give what we should call children's allowances. One system only benefits each child (under 16) *above two in number*, a feature quite foreign to the British system.

In short, the French system is so different from the British, that it will apparently be necessary to agree with the French on some more or less arbitrary basis of transposition.

The total British charges for separation (and dependants') allowances for each calendar year (or part of a year) in which hostilities occurred can be stated. Any calculation requiring figures in greater detail will necessitate considerable labour and research. The simplest plan would be to multiply the total British charges for each year by a simple fraction $\frac{x}{y}$ representing the ratio of standard French rate for a wife and, say, 2 children to standard British rate for a private's wife and 2 children. (The British rates have been changed 7 times during the war and the average for the year would have to be taken). This basis would be favourable to us, and might well be challenged by the French, on the ground that the denominator is the *lowest* British rate. But a British average over all ranks entitled to Separation Allowance would have to take into account the different numbers in each rank, as well as the number of different ranks, and this would [illegible] able difficulty.

In addition to Separation Allowance, soldiers' (including officers ') families have benefited by—

(*i*) Ministry of Pensions Special Grants; these have been paid from the King's Fund, which is a subscribed fund, and it is open to question whether these can be included in the claim.

(*ii*) Grants by Civil Liabilities Committee: these grants are from Public Funds, and correspond in some slight degree to the French "indemnites pour charges de famille." The C. L. Grants, however, cover much more ground.* and any attempt to transpose them on to the French indemnité scale would present very great difficulty, and would be very disadvantageous to us. It is for consideration whether we cannot argue that there is no French equivalent and claim in full.

(*iii*) Officers' children's allowances; these correspond fairly closely to the French "indemnites pour charges de famille," but are limited to 4 children, and the conditions of entitlement are different. There appear to be two mutually exclusive French scales, and it is not clear which should be taken as the equivalent.

The above has been prepared with particular reference to Army Separation allowance. The matter has been dealt with by the Admiralty from a slightly different standpoint in a letter to the Treasury dated 24th December 1919 of which a copy is attached. Any decision in regard to Army Separation Allowance can be applied to Navy Separation Allowance.

CLAUSES 8 AND 10.

No claim.

CLAUSE 9

(*a*) Damage to private property overseas done by British troops (or by enemy troops) in actual operations of war. Who is to assess and prepare claims in occupied territories, (*e.g.*, German East Africa, Palestine, Mesopotamia, etc.) ? (In Colonies presumably Colonial Governments will undertake this task).

(*b*) Claims for loss of kit: compensation has been paid under Army regulations all over the world, and to ascertain the total charge under this head (for which a special sub-head is not provided in the accounts) will take some considerable time

Any classification of claims according to the circumstances of loss would involve an immense amount of labour; as also would any attempt to ascertain by how much actual awards fall short of the total claim, which, moreover, usually does not state the *total* loss, as the claimant usually knows that a certain part of his loss is not covered by the regulations.

The above considerations apply to Naval claims also, except that, as all such payments are allocated to a special subhead, the total amount paid by the Admiralty can readily be ascertained, and a deduction made in respect of claims not arising out of hostilities or operations of war. It would be proposed to include losses arising indirectly out of operations of war, *e.g.*, by officers travelling to take up appointments.

Arising out of the previous decision of the Committee that the claim under this head is not to be limited to the amounts paid under Admiralty regulations, the question of the machinery for ascertaining the supplementary amounts to be claimed, *i.e.*, in respect of purely private effects, will require consideration. As a large number of the officers and men have been discharged to civil life or are dead, the difficulty of getting together the supplementary claims would be very great while it would be almost impossible to verify the correctness of the claims.

The guidance of the Committee on these points is desired. It will be realised that officers and men who take private effects with them, for which the Admiralty does not allow compensation, do so at their own risk, the amounts allowed by the Admiralty being regarded as reasonably sufficient to cover the value of effects which are required by an officer or man for the performance of his duties.

*Rent, interest on loans, Taxes, rates, Insurance premiums, Schools fees, etc.

Certain kinds of claims have been made, the admissibility of which is not clear and a decision is required as to whether they can be brought under clause 9.

(1) Claims by prisoners of war on account of loss on exchange on cheques cashed and remittances received from home while in captivity.

(2) Private property (not in scale of service equipment) of prisoners of war confiscated or stolen, while in captivity.

(3) Parcels of food and clothing sent to prisoners of war, but never delivered to them.

(4) Excessive expenditure on cost of living while in captivity, not covered by any grant from public funds. In extreme cases the necessity for the expenditure amounted to "maltreatment" and a claim might be held to be under Clause 4 if that Clause is not restricted to physical maltreatment.

Is "loss" under this head to be claimed under Clause 4 or Clause 9 ?

SCHEDULE.

PERSONNEL TO BE CLASSIFIED AS "CIVILIAN" OR "MILITARY."

War Office.

Unit, etc.	Terms of service.	Compensation Scale.	Charged to Funds of
1. Transport workers' Bn.; Forage Dept., R. A. S. C Dock Bn., Liverpool Regt.	Enlisted on Special Attestation Form—non-combatant.	Workman's Compensation Act.	W. O.
2. Canteen personnel ..	Enlisted non-combatant	M. of Pensions rates for soldiers.	Canteen Funds.
3. Indian Labour Corps ..	Enlisted, non-combatant	Indian Combatant rates.	M. of P.
4 Greek, Egyptian, Maltese, South African, Chinese Labour Corps.	Enrolled for labour duties only—non-combatant	Special rates of Gratuities, mostly not exceeding a year's pay.	W. O.
5. Arab scouts, and 2 local units at Aden.	Enrolled for combatant duties.	Special rates of Gratuities, mostly not exceeding a years' pay.	W. O.
6. Nursing Services ..	Special engagement non-combatant.	M. of Pensions War rates for nurses.	M. of P.
7. Medical Auxiliaries ..	Voluntary engagements under B. R. C. S., etc., non-combatant.	Some under M. of Pension scale, others Workmen's Compensation Act, etc.	M. of P. W. O.
8. Volunteer Force ..	Special form of enrolment —combatant.	Under M. of Pensions scale or W. C. A. according to circumstances.	W. O.
9. Q. M. A. A. C., V. A. D., General Service Section Women's Legion, etc.	Special agreements, non-combatant.	W. C. A. and Injuries in War Scheme.	W. O.
0. Secret Service Agents, (practically all foreigners).	....	Gratuities to dependants in case of death on a modified military scale. In case of disablement, pension at appropriate foreign rate.	W. O.
	ADMIRALTY.		
Mercantile Marine Officers and men serving on Naval Ships, etc.	Special agreement on a mercantile basis.	Injuries in War Scheme	Admiralty

(A memorandum dealing with the status of these officers and men is attached).

Reparation Claim.

Memorandum respecting persons serving under the Admiralty whose status is in doubt.
(T. L. of 11th December 1919, No. 52440).

The Injuries in War (Compensation) Act, 1914, and the Injuries in War Compensation Act, 1914 (Section 2) were designed to provide for the grant of compensation to certain persons if disabled whilst employed afloat or on shore abroad in connection with Warlike Operations, and, in the case of their death, to their widows or other dependants.

It is laid down that these Acts do not apply to Officers or men of The Royal Navy, and the persons referred to under the Heading "Clause 1 of Annex. I" in Admiralty Memorandum of 11th November 1919, have in fact been regarded by the Admiralty throughout the war as civilians on the ground that they are not actually *enlisted* (*i.e.*, under the Naval Enlistment Acts) in any of the recognised fighting Forces. For example their pay has been based on civilian rates and has not been regulated under the Naval and Marine Pay and Pensions Act, 1865, as is required in the case of all Members of the Navy, their pensions have been granted under the Injuries in War Compensation Acts, and they have been called on to pay ordinary civilian rates of contribution under the National Health Insurance Acts.

On the other hand, the majority were in uniform and serving on commissioned ships. T. 124 Officers and men [see (*a*) below] are eligible for Naval War Medals and shares in Prize Money. T. 124 Officers are also granted Naval Discharge Gratuities, but T. 124 men are not.

The reason for this distinction between Officers and men was that the pay of the men taken in conjunction with other benefits was practically up to the standard of ordinary Mercantile rates whereas in the case of the Officers the rates were substantially lower than in the Merchant Service and the gratuity was given as a *quid Pro quo* for a rise in rates of pay.

Categories of persons concerned.—

(*a*) In the great majority of cases the men under discussion were engaged under an Agreement known as T. 124 or a variant of the same, the main features of which were that Service was to be rendered on His Majesty's Commissioned Ships, and that Section 90 of the Naval Discipline Act was to be applicable. The Commissioned Ships did not include vessels such as Battleships, Submarines, etc., but were limited to "Fleet Auxiliaries" such as Armed Merchant Cruisers, Armed Patrol Vessels, Mine-Sweepers, Tugs (armed or unarmed) oilers, Salvage Ships, etc.

Many of these Auxiliaries were manned entirely by men under this form of Agreement, but in other cases, such as Armed Merchant Cruisers, Mine-Sweepers, etc., the deck hands were frequently Naval Ratings, *i.e.*, men enlisted in the Navy in the ordinary way. The main duty of the T. 124 men might be said to be the navigation of Commissioned Fleet Auxiliaries.

A specimen copy of the latest form of the T. 124 Agreement is attached. The older Forms varied to some extent, as regards the duration of the Agreement and liability to transfer to another ship but it is not probable that the variations would affect the question now at issue, *viz.*, whether the cases under discussion should be included under Clause 1 or Clause 5 of Annex. I. An extract from the Section of the Naval Discipline Act applicable to these men appears at the foot of the form of Agreement.

In addition to these T. 124 cases, pensions have been granted under the Injuries in War Compensation Acts to persons under the following categories :—

(*b*) Men engaged as crews of vessels, such as Trawlers and Drifters utilised in connection with Boom Defences. These men were at first engaged on Agreements which applied to persons on Dockyard Craft and did not bring them under Naval Discipline. In 1916 and afterwards, however, the majority of these men were called on to sign Agreement T. 124.

(*c*) Foreigners, such as certain Greeks who were killed or injured whilst serving on His Majesty's Seaplane Carrier "Raven"; these men were engaged locally and were not under any written Agreement.

(*d*) Dockyard workmen killed or injured in various circumstances, *e.g.*, men at work on His Majesty's Ship "Princess Irene" when she was blown up in Harbour; men engaged in salving a vessel which had been torpedoed and subsequently sank; and men on passage in merchant vessels or serving on Repair Ships or on shore abroad.

(*e*) Members of crews of vessels hired by the Admiralty. These men were only indirectly employed by the Admiralty as the owners of the vessels were responsible for their wages, but they and their dependants were eligible for compensation under the Injuries in War Compensation Acts.

(*f*) Men in private employment engaged on work for the Admiralty, *e.g.*, men engaged on His Majesty's Ships as Canteen Managers or Assistants, who were employed by private contractors or by the Army and Navy Canteen Board; men employed in coaling His Majesty's Ships; men building a Wireless Telegraphy Station in the Falkland Islands; and an officer of the Mercantile Marine drowned whilst proceeding to France in connection with Transport arrangements.

The distribution of the awards made under the Injuries in War Compensation s as between commissioned and non-commissioned ships is approximately as follows:—

Disability Awards:—

Commissioned Ships ..	570
Non-commissioned Ships	160

Dependants awards:—

Commissioned Ships ..	1,270
Non-Commissioned Ships	316

T.—124Z (now N. 8

This form is to be rendered, and Particulars of Discharge, etc., of any Members of the Crew are to be furnished, in accordance with the instructions issued by the Admiralty

AGREEMENT AND ACCOUNT OF CRE

Commissioned Fleet Auxiliary.

NAME OF SHIP.	Official No.	Port of Registry.	Port No. and date of Register.	Registered Tonnage.		Nominal Horse Power.
				Gross.	Net.	

Registered Managing Owner.

Name.	Address.

This Ship is now employed by the Lords Commissioners of the Admiralty under conditions which, during the continuance of the employment, constitute the ship one of His Majesty's Ships.

This vessel being a Vessel in His Majesty's Service, under the command of an Officer in His Majesty's Naval Service in time of war, and the Lords Commissioners of the Admiralty having directed that with respect to the said vessel the provisions of Section 90 of the Naval Discipline Act, which is set out in the footnote, hereto, shall take effect, all persons whose names are subscribed hereto, or who are otherwise borne on the books of the said vessel are in consequence subject to Naval Discipline as provided in the said Section.

The several persons whose names are hereunto subscribed, *being British subjects,* and whose descrpitions are set forth against their signatures, hereby agree with _____ for and on behalf of the Lords Commissioners of the Admiralty to serve on board this vessel or, if so commanded, on many other commissioned Fleet Auxiliary under the command of an Officer in His Majesty's Service as the Admiralty may from time to time direct in the several capacities expressed against their respective names for a period not exceeding nine months; and also, if so commanded as above mentioned, to sign an agreement in form and terms similar to this Agreement for service on board the other commissioned Fleet Auxiliary, Provided that if the Lords Commissioners of the Admiralty should so desire, They, or the Commanding Officer of the Ship, may terminate this Agreement at a port in the United Kingdom at any time on giving twenty-four hours' notice. This Agreement shall continue in force for a period not exceeding nine months in respect of each several person signing the same until determined by notice as aforesaid, or until a similar Agreement, for service on board another commissioned Fleet Auxiliary shall have been signed.

It is further agreed by the said _____ that in the event of death or injury received on duty in hostilities in which Great Britain is engaged, Pensions or Allowances will be granted in accordance with the Scheme printed on the last page hereof.

Clothing on the authorised scale will be provided at Admiralty expense.

For the rates of pay shown in column 10 herein the Signatories find their own food.* / are provided with a free mess, or alternatively at the option of the Admiralty with a victualling allowance in lieu thereof.

In witness whereof the said parties have subscribed their names on the other side hereof on the day specified against their respective signatures.

_____ *Commanding Officer of the Ship.*

This _____ day of _____ 191 .

* *Strike out whichever is not applicable. If victualling allowance is paid add the rates allowed—(a) to Officers; (b) to Men.*

FOOTNOTE:—

NAVAL DISCIPLINE ACT—*Section 90.*

With respect to vessels in His Majesty's Service in time of war, whether belonging to His Majesty or not, which are not wholly manned by Naval Ratings, but being ther armed or under the command of an officer in His Majesty's Naval Service, the following provisions shall take effect if in any case the Admiralty think fit so direct and where such direction is given, the same shall be specified in the Ship's Articles.

(1) Every person borne on the books of any such vessel shall be subject to this Act.

(2) Any offence committed by any such person shall be tried and punished as the life offence might be tried and punished if committed by any person in or belonging to His Majesty's Navy, and borne on the books of His Majesty's Ships in commission;

(3) Every such offender who is to be tried by Court-martial shall be placed under all necessary restraint until he can be tried by Court-martial.

(4) On Application made to the Lords of the Admiralty, or to the Commander-in-Chief, or Senior Officer of any of His Majesty's Ships or Vessels of War abroad authorised to assemble and hold Courts-Martial, the Lords of the Admiralty, Commander-in-Chief or Senior Officer (as the case may be) shall assemble and hold a Court-martial for the trial of the offender.

(5) The Officer Commanding every such vessel shall have the same power in respect of all other persons borne on the books thereof, or for the time being on board the same, as the Officer Commanding one of His Majesty's Ships has for the time being in respect of the Officers and Crew thereof or other persons on board the same: Provided that in the absence of the officer commanding such vessel, the officer commanding the ship or vessel or station in which such person may for the time being be held in custody shall have such power as aforesaid.

(6) The Naval Commander-in-Chief and Senior Naval Officer in His Majesty's Service shall have the same powers over the Officers and Crew of every such vessels as they have for the time being over the Officers and Crew of any of His Majesty's Ships.

41726—1916

Name of

Reference No.	SIGNATURES OF CREW AND NUMBERS OF DISCHARGE A.	Year of Birth.	PARTICULARS OF ENGAGEMENT. (1) Port of Engagement Address, and (2) Home Address. *N.B.*—Both to be inserted. The *Home* Address is the one to which communications should be made in the event of the death of the Seaman.	SHIP IN WHICH HE LAST SERVED AND YEAR OF DISCHARGE THEREFROM. Year	State Name and Official No. or Port she belonged to.	DATE AND PLACE OF SIGNING THIS AGREEMENT. Date.	Place	In what capacity engaged, No. of certificate.	Time at which he is to be on board.
	1	2	3	4	5	6	7	8	9
	Officers who have been granted temporary Commissions R.N.R. should sign on this Agreement.								
1			(1) (2)						
2			(1) (2)						
3			(1) (2)						
4			(1) (2)						
5			(1) (2)						
6			(1) (2)						
7			(1) (2)						
8			(1) (2)						
9			(1) (2)						
10			(1) (2)						
11			(1) (2)						
12			(1) (2)						
13			(1) (2)						
14			(1) (2)						
15			(1) (2)						
16			(1) (2)						
17			(1) (2)						
18			(1) (2)						
19			(1) (2)						
20			(1) (2)						

NOTE.—Additional folios (From T. 124a) to be inserted as necessary before the agreement is executed, and the Reference numbers filled in from 21 onwards.

* The entry in this Column must be supported by the Allotment Declaration Form S. 63 or S. 63b, duly signed by the officer or man concerned.

Ship_____

Amount of Wages per Week or Calendar month. 10	Advances made in the United Kingdom or not more than One Month's Wages, conditional on going to Sea. 11	Other Advances, not being conditional on the Seaman's going to Sea from the United Kingdom. 12	Amount of Weekly or Monthly Allotment. 13	Signature or Initials of Official before whom the Seaman is engaged 14	PARTICULARS OF DISCHARGE, ETC. *To be filled in by the Commanding Officer upon Discharge, Death, or Desertions.* DATE, PLACE, AND CAUSE OF LEAVING THIS SHIP, OR OF DEATH.			Balance of Wages paid on Discharge. 18	*RELEASE. We, the undersigned, do hereby release the Commanding Officer of this Ship from all claims for Wages, or otherwise in respect of this Voyage, and I, the Commanding Officer, do hereby release the said undersigned from all claims in respect of the said Voyage. Commanding Officer. 19	Signature or Initials of Official before whom the Balance of Wages was paid and Release signed. 20	Reference No.
					Date 15	Place. 16	Cause. 17				

SCHEME OF COMPENSATION FOR INJURY OR DEATH ATTRIBUTABLE TO THE SERVICE DUR EMPLOYMENT AFLOAT.

I. *Injury Pensions.*

If totally incapacitated from earning, during such period of incapacity : two-thirds pay.

If partially incapacitated from earning, during such period of incapacity :

One-sixth pay for slight impairment of capacity,

One-third pay for impairment of capacity,

One-half pay for material impairment of capacity.

II. *Widows' Pensions and Allowances to Children and other dependants.*

One-third pay for widow. Minimum pension, £26 per annum (10*s.* ...).

One-twenty-fourth pay for each child up to four in number until age of 16. Minimum allowance £6 10*s.* 0*d.* annum (2*s.* 6*d.* a week).

For the purposes of this scheme in the case of Officers and Men who have signed this Agreement and are serving in sl chartered by the Admiralty, whether with or without demise to the Crown, pay shall be deemed to be the pay of the pre rank ruling in the ship, or in ships of corresponding size and character, at a date six months prior to the outbreak of hostili And allowance for victualling will be added in cases where a free mess was allowed in addition to such pay.

Special provision is made for motherless children if no allowance be paid to any other dependant.

If there be no award to a widow, pensions may be granted to other dependants, at the discretion of the Admiralty not exceeding in the aggregate the sum which might have been awarded in each case as a widow's pension.

In the event of a widow's re-marriage, her pension shall cease and the Admiralty shall have the option of awarding, as may be more beneficial to her, either : —

(*a*) A lump sum equal to the difference by which three years' pay (provided it be not more than £300 or less than £150) exceeds the total sum already paid in compensation, —

(*b*) Continued payment of the children's pensions until age of 16.

In the event of the adoption of alternative (*a*), the Admiralty shall have power to take any precautions against the squandering of the lump sum, *e.g.*, by entrusting it to the trustees to be administered in specified payments or to be applied wholly or partly for the children's education or otherwise.

Limitation of Benefits in the case of Persons entitled to Compensation under the Workmen's Compensation Acts, or to be the Benefits of the Civil Superannuation and Greenwich Hospital Acts.

No person who is eligible to benefit under this scheme shall lose by virtue thereof any gratuity or other superannuation allowance for which he may be eligible by service under the Superannuation Acts, 1834 to 1914, but persons entitled to any compensation under the Workmen's Compensation Act, 1906, or to any compensation or damages at Common Law or under the Employers' Liability Act, 1880, or under the Greenwich Hospital Acts, 1865 to 1898, or any other statutes, or eligible for any gratuity or allowance in respect of injury under Section 1 of the Superannuation Act, 1887, shall be entitled to benefit under this scheme only to the extent of the difference, if any, between the value of the benefits it confers and the value of such other benefits as they may be entitled to under the said Acts, provided, however, that no person shall receive as the result of this scheme a total sum in excess of his pay at the date of injury.

Interpretation of the Scheme.

In the event of any question arising on the interpretation or administration of this scheme, the decision of the Admiralty

Copy.

No. 18-B. N.P. (3)-19598.

24th December 1919.

SIR,

With regard to Treasury Letter of the 11th instant, No. 52440, covering the conclusions of Lord Sumner's Committee on the Admiralty Memorandum respecting the Reparation Claims against Germany, I am commanded by my Lords Commissioners of the Admiralty to offer the following comments on the conclusions arrived at in regard to Clauses VI and VII.

The proposal of the Committee is to assess the claim in respect of Separation and kindred allowances according to categories of payment on the French scale; the categories contemplated being apparently based on not only upon rank and rating but also upon the varying nature of the grants payable to members of each category.

Thus, for example, the Seaman class contains both married and single men, while the rates and conditions of payment in respect of members of those categories vary considerably; in the case of the married men according to the size of their families and in the case of the unmarried men according to the number of dependants, the extent of the pre-war dependence, and the amount of the allotment from the man's wages.

The adoption of standard rates in each category or sub-category would therefore be a matter of some difficulty and even the adoption of some arbitrary standard, *e.g.*, the sum paid on account of a British married man with a wife with two children, would only slightly decrease the difficulties of this form of computation, while the chief difficulty, that of obtaining statistics of the various categories, would remain.

The copy of extracts from Admiralty Orders enclosed indicates on page 2 the varying rates in current payment for the four categories into which members of the British Navy are divided for the purpose of separation allowance. Those rates, however, are the last of a series of rates which have varied from time to time since the outbreak of hostilities.

As regards dependants other than wives and children, paragraphs 18 to 21 on pages 4 and 5 and the section on Parent's Allowances from page 10 onwards, indicate the complexities of the payments authorised, to which there may be no parallel in the French Navy.

My Lords are of opinion therefore that nothing short of a complete analysis of the records of separation allowance payments would suffice to determine—

(*a*) the number of cases under each category,

(*b*) the apportionment of those numbers over the period in calendar years,

(*c*) the division under each year of the members of each category into married men and others,

(*d*) the payment effected in each case, with due allowance, for the various changes of rate and any increase or decrease in the number of children within the appropriate ages.

It should be realised that these records are contained on many hundreds of thousands of cards, the majority of which are now non-current, and that a distinct, and in most cases, intricate calculation would be necessary in each case. While, with those statistics computed, it would still be necessary to institute comparison with more or less similar statistics prepared by the French from their records to determine the ratio on which the claim should be based.

As suggested by the Committee, there would be a great difficulty in effecting this comparison of the different categories in the two Fleets and this is precisely one of the reasons for avoiding computation on the suggested basis. Moreover, the work would require a large, experienced, and skilled staff, the cost of which would be out of all proportion to the amount of money involved.

My Lords consider that the alternative basis for the claim as the ratio c the annual averages of British and French payments spread over the whol personnel of the respective navies, seems to present the most simple solution o the difficulties, besides providing a sufficiently near approximation to the facts.

It is not quite clear how this Department's proposal would work out to th disadvantage of this country as compared with the suggestion of the Committee The decision to reduce the British claim to the French ratio shews that a ver material portion of the British expenditure is to be waived, and it would seem therefore, to be of minor consequence even if, owing to the proportion of Chie Petty Officers, say, being larger in the British than in the French Navy, a furthe comparatively small reduction might be made in the total claim.

My Lords desire that these comments may be referred to Lord Sumner' Committee for their consideration, and that it may be represented that if th Admiralty alternative method of computation of this part of the claim should b agreed to, it would be possible to include the claim in respect of payments t dependants of prisoners of war in the amount calculated as due under clause VII a course which appears to be the intention of the Committee in view of thei remarks in regard to Clause VI.

I am,

SIR,

Your obedient Serv

Sd.) J. W. S. ANDERSON.

The Secretary,

H. M. Treasury, S. W. 1.

G. M. Press, Simla.—No. 550D—26-5-20—600—K.C.M., etc.

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

( )

, the *191* .

Date of issue 3/6

Signed by [illegible]

Section M

File No. 53 Bell

Serial No. 314

No. 12857 M

To

The Revenue Commissioner and Custodian of Enemy Property in Mysore

Sir

I am directed to forward herewith copy of letter No. 2476 dated 26-5-20 from the Government of India Department of Commerce for favour of such action

over.

as may be considered
necessary — As ~~we~~
~~have received~~ only
one Copy of the letter has been received, I am
to request the favour of
the same may kindly
be returned to this
office ~~when office done~~ as soon as done
with.

I have the honour to

Sir,
Your most obedient Servant,

Chief Secretary

Dept
29-6-20

List of enclosures.

Copied by

Examined by

W.D86—G.P.B.—60,000—15-11-16.

THE REVENUE COMMISSIONER
IN MYSORE.

Dis. No. 48/C&L 20-21

Bangalore, July 1920.

30

FROM 1894

DIARY NO.

12-19
PP
53-19
To 36

K. R. SRINIVASIENGAR, Esq., M.A.,
Revenue Commissioner in Mysore.
and Custodian of Enemy Property in Mysore.

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
Department.

SIR,

In acknowledging the receipt of your letter No.G.28567/P.I 53-19-34 dated 30th June 1920, I have the honor to return herewith, as desired, the copy received with it of letter No. 2476 dated 26th May 1920 from the Government of India, Department of Commerce with its enclosures regarding claims against Germany to be presented to the Reparation Commission.

2. A summary of the papers received with your memo 23145-55/P.P. 120-19-3 dated 8th April 1920 was published in the Mysore Gazette dated 6th May 1920 (vide page 275 of Part IV) and was sent to the Secretary of the Mysore Chamber of Commerce and the Editors of some of the local newspapers for giving wide publicity to it. A copy of the Press Communique of the Government of India dated 20th May 1920 will also be now published in the Mysore Gazette for the information of the public.

I have the honor to be,
Sir,
Your most obedient servant,

Revenue Commissioner and
Custodian of Enemy Property in
Mysore.

RTR.

R. C. 4.

CHIEF SECRETARIAT.
POLITICAL BRANCH.
31 JUL. 1920.

3430

From

The *Revenue Commissioner in Mysore.*
& Custodian of Enemy Property.

To

The Chief Secretary to the Government of
H. H. the Maharaja of Mysore,
Department.

Dated 26th July 1920.

Despatched

Received

General No.

Enclosure No.

SUBJECT.

Re: claims against Germany to be presented to the Reparation Commission.